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ENERGY AND WATER DEVELOPMENT APPROPRIATIONS FOR 1996

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Energy and Water Development Approp...

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BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTH CONGRESS

FIRST SESSION

KF27
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1995

SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

JOHN T. MYERS, Indiana, *Chairman*

HAROLD ROGERS, Kentucky
JOE KNOLLENBERG, Michigan
FRANK RIGGS, California
RODNEY P. FRELINGHUYSEN, New Jersey
JIM BUNN, Oregon

TOM BEVILL, Alabama
VIC FAZIO, California
JIM CHAPMAN, Texas

NOTE: Under Committee Rules, Mr. Livingston, as Chairman of the Full Committee, and Mr. Obey, as Ranking Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

JAMES D. OGSBURY, BOB SCHMIDT, and JEANNE WILSON, *Staff Assistants*

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Testimony of the Secretary of the Interior 311
Delaware River Basin Commission 871
Interstate Commission on the Potomac River Basin 903
Susquehanna River Basin Commission 921

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ENERGY AND WATER DEVELOPMENT APPROPRIATIONS FOR 1996

HEARINGS

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ENERGY AND WATER DEVELOPMENT APPROPRIATIONS FOR FISCAL YEAR 1996

TUESDAY, FEBRUARY 28, 1995.

APPALACHIAN REGIONAL COMMISSION

WITNESSES

JESSE L. WHITE, JR., FEDERAL CO-CHAIRMAN
BRERETON JONES, GOVERNOR, KENTUCKY, STATES' CO-CHAIRMAN
THOMAS M. HUNTER, EXECUTIVE DIRECTOR
MICHAEL WENGER, REPRESENTATIVE OF THE GOVERNORS

Mr. MYERS. The committee will come to order.

And we are proud and happy today to have the ARC with us. Mr. Chairman, your entire prepared statement will be in the record, but if you would like, you may proceed and introduce your associates.

OPENING STATEMENT—JESSE WHITE

Mr. WHITE. Certainly. Thank you, Mr. Chairman and Members of the committee for this opportunity for us to come testify on behalf of the administration's budget request and to tell you what we think is a very proud story about the success of a unique agency under your purview, the Appalachian Regional Commission.

I am particularly pleased to be joined in testimony today by our State partners at the commission represented by the State cochairman, Governor Jones of Kentucky. I am always pleased to be with him. He has been an outstanding State cochairman this year and I know you look forward to hearing from him.

In addition, I guess for the first time to be introduced to the Congress, is our relatively new Executive Director of the Commission, Tom Hunter, who moved up from Tennessee about six months ago. And Tom heads the program staff of the Appalachian Regional Commission.

Mr. MYERS. Governor, we are pleased to have you once again.

Mr. WHITE. I am also pleased that Governor Jones can be here because, for the last three years, the administration, of course, has given its strong support to the Appalachian Regional Commission and our State partners and the 13 governors have joined in support of the administration request.

So we are pleased to be here singing from the same song sheet today, Mr. Chairman.

As most of you know, the Appalachian Regional Commission was created in 1965 as a result of a visit first to President Kennedy and then to President Johnson by the Appalachian governors. It was a gubernatorial initiative, and Congress responded by creating in 1965 the Appalachian Regional Development Act.

The Congress found that it was, in fact, in the national interest, even though there were only parts of 13 States served, to bring these communities and these people, to the table of the American economy, and to make them contributors to the national resources rather than drains upon them.

Congress wisely, I think, and in a very farsighted way created two aspects to our program. One is the Appalachian regional development highway system authorizing some 3,000 miles, because Congress found that, in fact, the interstate highways had largely bypassed the mountains both because of low traffic count and the high cost of construction. Congress further found that a region apart, a region isolated could never participate in the American economy and so it authorized this special highway program.

It is now 75 percent complete, and I would personally like to add my word of praise to the courage of Congress through the last 30 years in keeping faith with the people of Appalachia in building this highway system because it has, in many cases, been quite expensive.

Congress also found that highways were a necessary but not sufficient condition of economic development and, therefore, created the other side of our program which we call the area development program. Congress found that communities also need the other building blocks leading to economic development such as health, infrastructure, education, training, housing, and business development; and it created a very broad statute that lets us get involved at the Commission in a broad spectrum of development activities, the ultimate goal of which, of course, is to make self-sustaining economies and independent rather than dependent people.

Congress did this through a unique structure called the Appalachian Regional Commission, which we like to say is a unique critter in town. We are the only true Federal-State partnership in which the Federal representative—which I am honored to be, appointed by the President and confirmed by the Senate—has half the votes on the Commission. The 13 governors have the other half.

As far as we can tell, we are the only program ever created by Congress in which the Federal official does not have the final authority over the program. Congress appropriates the money to the Commission and not a dime can be spent nor any regulation issued until the Federal cochairman and a majority of the governors reach consensus. And so we say this is neither dictating policy from Washington to the States nor is it abdicating policy to the States but calls on us to be a true collaboration.

In addition, the States underwrite half of the administrative cost of the ARC and that, along with other efficiencies, has meant that our administrative budget has been less than 3 percent of our appropriated funds over the 30-year history of the agency. Over 90 percent of our money goes into the communities.

We think Congress was wise in also building into our program wide flexibility. The governors have broad authority in how the money will be used in his or her State. The breadth of our program and the fact that it is a regional agency means that we can attack problems on an interstate rather than a State-by-State basis. I will say a little bit more about that in a moment.

Finally, we were set up to be supplemental to other Federal agencies and not duplicative. Our entire staff is only 50 people and many of our programs are in fact administered by other Federal agencies. We were seen as the glue money to enable poor communities to participate in other Federal programs.

In terms of our budget, Mr. Chairman, this year I will just give you the highlights. The President is requesting $183 million which is $99 million less than our appropriated level for this year—a 35 percent reduction, and a $4 million reduction over the administration request for this year.

And so, on the one hand, we think we are doing our part in tightening the belt in these troubled times, but also we think $183 million would sustain a viable program.

In terms of these two sides of the house that I mentioned a moment ago, first the highway side. There are 3,028 miles authorized by Congress in the Appalachian highway system. 2,275 are either open to traffic or under contract. 752 remain to be completed.

Our request this year for highways is $90 million, which is a $10 million reduction from the request last year and a $99 million reduction from the appropriated levels but, again, we feel like this $90 million is a viable amount. It will allow us to put about 45 miles under contract, 50 miles purchased right-of-way, and 30 miles for completion of design.

The other side of the house is area development, and there we are requesting $82 million which is almost a $6 million increase over this year's request and appropriated levels. Area development money is spent in the areas of physical development—which is mostly infrastructure, water, and sewer, and so forth; human resource development—education, training, health, and other projects; and business development—such as the creation of industrial parks, business incubators, technology transfer systems, business networks and so forth.

As you will see, the drift of the Clinton administration budget has been to move more toward balance between the highway side and the nonhighway side. Our request this year would be $90 million for highways and $84 million for area development and we are moving in that direction for two reasons. First of all, when Congress enacted ISTEA, most of our roads were brought under the National Highway System and, therefore, States can now build the Appalachian roads out of both the Highway Trust Fund and the special Appalachian appropriation. And secondly, we feel the need to pay more attention to these issues such as basic infrastructure, human resource development, and business development.

A study that was done a few years ago which related job creation to the corridors found that there was a high correlation in northern and southern Appalachia but a weak correlation in central Appalachia suggesting to us that we need to emphasize the human resource development and the business development side of the equation. So we are moving to more balance there.

Also, in the nonhighway category, we were requesting a level funding of $5.3 million in support to our 69 local development districts from which many of our projects arise. It is pretty much a bottom-up process and also technical assistance.

I would also like to mention that this year, the Commission—as I say, we have to sit with the governors and the Federal cochairman together—we voted to take $6.2 million off of the top of this area development allocation which would normally go on a state-by-state basis to fund what we consider to be three critical regional initiatives.

These initiatives are international trade development, telecommunications, and the development of leadership and social and civic institutions at the community level. We are very excited about these regional initiatives and we hope the Commission will continue to fund those in the future. Again, that comes out of the area development money and I will be glad to say more about those in the question and answer period.

The Appalachian Regional Commission, in short, has worked. It has been a success story both in terms of our Federal–State model where the governors are key players, also in terms of impact, Mr. Chairman. The National Science Foundation a couple of years ago funded a study—the ARC really didn't know it was going on—in which these researchers went back to 1960 data and took the 397 counties originally in our program and found statistical twins to those counties that were not inside ARC. From 1969 to 1991 they traced the impact of the ARC investment and found that the Appalachian counties grew 48 percent faster in total personal income, 5 percent faster in population, and 17 percent faster in per capita income—the most rigorous study we have seen yet of the impact of the ARC investment. These, however, are aggregate statistics, and I would like to also say a word about the more human impact of the ARC investment over the past 30 years.

The ARC has brought clean drinking water and sanitary sewer systems to over 700,000 residents in our most distressed counties. We have invested $16.5 million in revolving loan funds in all but two of our States that have helped some 740 small businesses create 8,000 permanent jobs. We have funded the building of 400 primary health care clinics that now serve over 4 million people, and now there is some basic health care within 30 minutes of every citizen of Appalachia.

We built some 700 vocational and technical schools that now serve about 500,000 students a year. And in terms of education, we have seen Appalachian adults over 25 move from 32 percent having high school educations in 1965 to 68 percent today. And even more heartening among young adults, 18 to 24, the percentage that have high school educations now actually exceed the national average by one point, so we thank you. It is a real success story.

The question might arise, if we have done so well, then why do we need to stay in business? Has the job, in fact, not been completed? The truth of the matter is that Appalachia over the last 30 years has become a region of contrast and some of our areas have, in fact, done very well and approached national norms in terms of economic development. But much of our region still has not. And so it is important, I think, to disaggregate the total statistics.

The northern and southern part of Appalachia has done very well; central Appalachia remains severely distressed. In all of Appalachia, there is also a difference between our metropolitan economies which are doing well, and the rural and small town economies which are almost uniformly doing more poorly. In fact, we have 115 of our 399 counties that are classified as severely distressed. In these 115 counties, the counties have two-thirds of national per capita income; 150 percent of U.S. poverty; and 150 percent of U.S. unemployment.

These 115 counties are eligible under commission policies for special assistance. As a matter of fact, these 13 States also vote to take 20 percent of the area development money off the top to target our distressed counties and four of our 13 States stand aside because they don't have any distressed counties.

And so I commend this committee again, Mr. Chairman, with keeping faith with the 20 million people of Appalachia through these years. Many of them have been tough politically to build the highways and put the education and training systems and business development systems in place. The theme of my chairmanship has been to create entrepreneurial communities and enterprising people. What we strive for is to create self-sustaining economies and independent rather than dependent people. And our ultimate victory, Mr. Chairman, is when we can come to you and say the ARC is no longer needed.

Thank you very much.

Mr. MYERS. Thank you.

Governor Jones. We are pleased to have you here today.

GOVERNOR BRERETON JONES—OPENING STATEMENT

Governor JONES. Thank you very much, Mr. Chairman. It is a pleasure to be here. I want to thank not only you but Ranking Minority Member Congressman Bevill. Difficult to use that Minority term. But speaking of that, my very good friend for whom I have unlimited respect, Congressman Rogers from Kentucky and other Members of the committee, I very much appreciate this opportunity.

I have a very competent staff that has prepared some marvelous remarks here and wonderful statistics and I think I could be dazzling if I read from this script, however it would seem that you probably hear enough scripts read from day to day and I would just like to try to tell you in my own words how important the Appalachian Regional Commission is to what it is that each of you is about.

You would not be in Congress if you didn't care about people. You would not be going through the physical rigors of campaigns and elections if you were not trying to accomplish things to help people. And if ever there was a program that ought to be continued, quite frankly ought to be expanded, it is the Appalachian Regional Commission because it really is a relationship between people at the grassroots level where these programs start, which is, of course, at the level where I think there is the greatest knowledge of what needs to be done.

And it works its way up to the State House and then all the way up to the Congress of the United States. And it is this cooperative effort and this cooperative spirit that has allowed us to put together the statistics that I think are so important.

As you just heard Jesse White saying that as we are here today, that in the group of people between 18 and 24, that we actually have a higher education rate, a higher high school education rate in Appalachia now than we do in the rest of America. And of course that was not true at the very beginning.

And if you look at where investments have been made over these last 30 years, you will see that it was primarily put together in order to build water lines and sewer lines and to do those things that would allow Appalachia to be able to help themselves. And we have made great progress in that regard. And now we are beginning to invest more in human capital.

I think you would agree with me that it is fundamentally important to try to make certain that every American has indoor plumbing, but it is even more important to make sure that they have a good education. And then they will be able to provide their own plumbing once we give them that education. So it is a combination of these things which we must do.

And in Kentucky we have fought for and been able to build more water lines and sewer lines and develop for business and more jobs and help more people to have indoor plumbing. We have also focused on specific projects that we feel are of paramount importance.

I thought it might be interesting to go over just a few of these for you to kind of let you know where we are coming from and why this is so fundamentally important.

I went to the Blaine Elementary School in Lawrence County, Kentucky, where $430,000 had been approved to help build 31 miles of water line for that area. And the principal of the school met me at the door and literally had a few tears rolling down his cheeks because the children in that school did not have clean water that they could drink. They had to provide bottled water and at home, they didn't have clean water they could drink. And this principal was justifiably worried and concerned about where they were going to get that clean drinking water.

And what was going to happen to those kids if they didn't have clean drinking water. Some of them had never had running water at all, even in their own homes and that $430,000 that we came up with was only part of the funding because the community has also gotten another community development block grant of $750,000 and a Farmers Home Administration grant of $500,000, a Farmers Home loan of $400,000, plus local funding of $118,000, and then people in that community doing over $35,000 worth of the work themselves that they donated to this project.

So that $450,000 that the ARC put forward had been parlayed into a construction project of $2.3 million. And I dare say that there are very few programs in Washington—and you are far more knowledgeable about what programs exist than I am—but I dare say there are not many programs that can match that kind of record where they inspire people to invest their own money, inspire communities to invest their own resources in order to bring water lines and sewer lines and educational opportunities to their people. So in terms of getting your money's worth, I don't think that there is any question that the taxpayers of America have more than gotten their money's worth from the ARC.

I think we all recognize that government at all levels has gotten too big. It is too wasteful, and I think the public has generally sent that message to all of us, Democrats, Republicans, and Independents alike. But I think that what we are asking for is a program like the ARC. A program where people must commit to help themselves or else it doesn't work.

The ARC doesn't put up all the money as we know. We get matching funds. It averages throughout the whole program a three-to-one match. We are pleased in Kentucky we even have a little better match than that. We put up more local money than that. We feel that this is important.

I went to the Hindman Settlement School in Knott County, Kentucky to take word that the school would be receiving $75,000 to give scholarships to hire tutors who would help the dyslexic children there learn how to read. And during my stop, some of the students read to me to show me how much they had learned so far in that school.

And during just a six-week summer program, the students there advanced on the average, a full grade level. In six weeks of a summer program that was financed primarily with the help of the ARC and other matching funds, they advanced a full year, a full grade level in math, reading, and comprehension.

So the school started with $75,000 and ended up with other matches, it was a $235,000 program, and something that every one of you would be extremely proud of if you watched those kids read.

I went into rural Pike County with $381,000 of ARC money that would help the community purchase a modular building to be used as a health clinic and medical equipment for that building. 18,000 people in that county did not have access to primary health care. And to show you how important the clinic was in Pike County, more than 20,000 people signed a petition asking for this. That is 20,000 people in a total population of 73,000 people.

That is a tremendous outpouring of support for this program, $381,000 that we had was a start and the local community contributed $40,000, and income from the program, another $392,000, would fund the rest of it. So, again, we started with $381,000 and we ended up with more than $813,000 and we are, therefore, able to provide the kind of health care that these people needed and deserved.

I went into Whitley County which does not have a public sewer system to announce that $450,000 in ARC money would help fund a sewer project for Whitley County, Stearns, and Marshes Siding, and many of the 566 homes that would be affected still had only outdoor facilities, and the treatment plants that had been built to serve two large schools and several public housing projects didn't work.

The $450,000 in ARC funds will be supplemented with a million dollars in Farmers Home loans, a Farmers Home Administration grant of nearly $900,000, a block grant of $750,000 and $74,000 in local money. So the total project cost with a $450,000 ARC investment is more than $3.1 million.

We could go on and on with these kinds of examples. I wanted to come here today and look you squarely in the eye and tell you that I don't think there is a better investment in all of the Federal Government than the investment that you make in the ARC program, and I would not only strongly urge you to continue it, but to model other programs in government after this program because it is a tremendous value.

It allows people and actually forces people to work together in the way that we all ought to be working together at every level of government. And that is why the 13 governors that are governors of Appalachian States in this Nation, all 13 are strongly supportive, Democrats and Republicans alike, are strongly supportive of not only the continuation of this, but to use it to look at modeling other programs from.

And Mr. Chairman, with your permission, I would like to present for the record letters from 12 of the 13 governors. There is one that has not yet arrived, Governor Parris Glendenning of Maryland would like to put his prepared statement with these and it will be here in a few days, but I would like to present these for the record and would be happy to respond to any questions.

[The information follows:]

STATE OF ALABAMA
GOVERNOR'S OFFICE
MONTGOMERY 36130

FOB JAMES, JR.
GOVERNOR

February 24, 1995

The Honorable Wayne Gilchrest, Chairman
House Public Buildings and Economic
Development Subcommittee
Washington, D. C.

Dear Chairman Gilchrest:

The Appalachian Regional Commission (ARC) program has been very instrumental in the development of Alabama's Appalachian region. ARC is unique in that it is a shared partnership of federal, state, and local governments. As such, ARC provides flexibility to address the needs of the people, and allows the governors and local governments to set priorities. ARC funds can be used in so many areas, such as education excellence, community development, economic development, basic services, work force development and youth leadership, to name a few. This is not true of so many grant programs.

Recently, we had an emergency situation in Alabama as a result of a tornado that struck in three of our Appalachian counties. An elementary school and a Headstart program facility were completely destroyed. The Appalachian Regional Commission came through quickly to restore education opportunities for the children. We sincerely appreciate this, and it makes us once again thankful we do have an ARC program. It is one of the few programs that is responsive to local and state needs. We not only request that this program be retained, but hope that other programs will be modeled after this one.

Sincerely,

Fob James, Jr.
Governor

STATE OF GEORGIA
OFFICE OF THE GOVERNOR
ATLANTA 30334-0900

Zell Miller
GOVERNOR

STATEMENT TO THE HOUSE SUBCOMMITTEE ON PUBLIC BUILDINGS AND ECONOMIC DEVELOPMENT
GOVERNOR ZELL MILLER - GEORGIA

February 22, 1995

I appreciate the opportunity to submit this statement on behalf of the Appalachian Regional Commission.

Loretta Lynn wrote a song some years back that said, "When you're looking at me--you're looking at country." I can honestly say that when you are looking at me, you're looking at Appalachia.

I was born, grew up, and make my home in the Appalachian mountains of Georgia. My wife is from the same area in Western North Carolina. and I am intimately familiar with this region's history and heritage.

When I was a baby during the Great Depression, my mother cleared a rocky, broomsedge field and waded a cold mountain creek to get rock to build a house while my six year old sister looked after me on the creek bank.

When that house was built, we raised chickens with a brooder in the living room. My family did not own a car until I had finished college.

In the Great Depression, the difference between Appalachia and the rest of rural America was one of degree--we were somewhat poorer, somewhat more isolated, and somewhat more deprived of basic services than our flatland cousins.

The reason we have an Appalachian Regional Commission is because Appalachia did not share in equal measure in the postwar prosperity that lifted much of rural America into a new era.

1776

While Appalachia has made great progress in the last thirty years, you can still clearly see the marks of its past today--in the physical isolation that is gradually being overcome by the Appalachian highway system--in the unusually high rate of adult illiteracy--and in the poverty rates that are often among the highest in the country.

As the region's helpmate in overcoming this legacy, the ARC is a program with several highly distinctive features.

First, ARC is a true federal-state partnership, perhaps more than any other federal program.

The thirteen Governors of the Appalachian states play an equal role with the federal co-chair in making all key decisions on the Commission.

Second, ARC constantly encourages the kind of federal inter-agency partnership that many in Congress are urging on Washington.

All our brick and mortar projects are conducted in conjunction with another basic federal agency, with the Farmers Home Administration, HUD and EDA notably involved.

Third, ARC leverages non-federal funds to an extraordinary degree. In the non-highway segment of our program, ARC on average supplies 28% of total project costs, which means that every dollar we spend leverages $2.70 in other funds.

Fourth, and perhaps most importantly, ARC is a flexible program that can respond to the critical needs of each Appalachian state, with short- and long-term job creation being the most significant criteria.

To give you just one example of the creative use of ARC funds, we invested a mere $54,000 in Dalton, Georgia, the carpet-making capital of the world, and managed to develop an apprenticeship program which has received national recognition.

While leveraging $255,000 in local private funds, ARC efforts in Dalton have dramatically reduced high school drop-out rates, dramatically increased the number of GED graduates, and above all, provided new hope in a community where there were previously few employment options.

ARC stands willing to work with this subcommittee and with others in Congress to keep ARC up to date with our region's most pressing needs--and in synch with the overall federal-state strategy for addressing those needs.

As an example of this willingness to evaluate our work and to change when change is called for, I want to bring to your attention a remarkable study conducted by the Regional Research Institute of West Virginia University and funded, not by the ARC, but by the National Science Foundation.

Using a control group methodology that matched the 397 counties in the Appalachian region with similar counties elsewhere, the study examined the region's progress since the creation of ARC in 1969.

The study concluded that Appalachian counties grew significantly faster than the control group in income, earnings, population and per capita income, and that ARC had helped them do so.

ARC is ready to be tested, and ready to adjust to the needs of our region. We take seriously our responsibility to insure that every dollar we spend is spent as effectively as possible. We will continue to do so. Thank you.

STATE OF MISSISSIPPI
OFFICE OF THE GOVERNOR

KIRK FORDICE
GOVERNOR

February 16, 1995

Mr. Chairman and Distinguished Members of the Committee:

I regret that I am unable to appear before you personally at this time. Nonetheless, I want to share with you my views concerning the Appalachian Regional Commission (ARC).

It is no secret that I am not a proponent of federal big-spending programs. I believe that the federal government is too big, spends too much of our money, and makes too many decisions in Washington, D.C., that should be made by local or state officials who understand the problems and challenges we face.

However, the Appalachian Regional Commission is different. The ARC is a partnership between the federal government, the 13 Appalachian states, and local officials. The federal government cannot make rules or regulations, establish guidelines, or fund any projects without the agreement of a majority of the ARC Governors.

The Appalachian Regional Commission is not an oversized bureaucracy: it has a staff of approximately 50 people, spends less than 3% of its budget on administrative expenses, and the ARC states pay 50% of the administrative costs. In fact, if one were to use one federal agency as a model for reorganizing other federal agencies, I would strongly suggest the Appalachian Regional Commission as worthy of imitation.

Sincerely,

Kirk Fordice

KIRK FORDICE
Governor

POST OFFICE BOX 139 • JACKSON, MISSISSIPPI 39205 • TEL. (601) 359-3150 • FAX (601) 359-3741

STATE OF NEW YORK

GEORGE E. PATAKI
GOVERNOR

February 28, 1995

Dear Mr. Gilchrest:

I would like to express my full support for the re-authorization of the Appalachian Regional Commission. This program is vital to the economic progress and human resource development of the 14 counties in the Appalachian region of New York State.

The Appalachian Regional Commission has provided resources that have made a difference. This program is a cooperative effort between the private and public sectors to identify the best projects, and to assure that their funding will result in the creation and retention of jobs that are crucial in moving this region to an economic parity with the rest of the State.

We are currently pursuing an initiative to provide this region with a telecommunications system. This initiative began in 1993 and is moving ahead in several areas stimulated by the resources provided by ARC. These funds are leveraging private and public investment in a coordinated program to provide access for educational, health, and economic development purposes. New York was the first ARC State to complete an overall plan coordinating investments in this complex area.

We recently approved several telecommunications projects for funding to continue this significant effort. Included are the following:

- The Otsego, Northern Catskills BOCES Telecommunications Net -- This establishes a fully-interactive network connecting the BOCES center with 8 school districts and the State University at Oneonta;
- The Distance Learning Network Linkage -- Funding to connect 18 school districts to an ARC-supported network in BOCES facilities at three sites;

- The Rural New York Health Networking Project -- Equip and connect several rural hospitals in four counties with each other and the larger network hospitals of the Buffalo region; and,

- The Finger Lakes Information Infrastructure -- Link four educational providers with Schuyler hospital to provide enhanced access for educational opportunities and health programs.

These examples are in just one functional area. The ARC program has the flexibility to provide investments in a wide range of areas where local needs are greatest. This fiscal year we expect to fund almost 40 projects, in addition to the continued work in the highway program area related to the completion of the Southern Tier Expressway. This program should be a model for all other Federal-related grant efforts. For these reasons, I urge the Congress to enact the legislation necessary for this region to continue its progress.

Very truly yours,

Honorable Wayne Gilchrest
Chairman
Public Buildings and Economic
  Development Subcommittee
U. S. House of Representatives
Washington, D. C. 20515

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27603-8001

JAMES B. HUNT JR.
GOVERNOR

February 22, 1995

STATEMENT of THE HONORABLE JAMES B. HUNT JR.
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON PUBLIC BUILDINGS AND ECONOMIC DEVELOPMENT
U. S. HOUSE OF REPRESENTATIVES

I am glad to have the opportunity to address the Public Buildings and Economic Development Subcommittee and to offer some evidence that the Appalachian Regional Commission, a unique partnership between the federal and state governments, really works.

You can ride through our state's ARC counties and see the legacy our predecessors in this partnership have provided for the people of western North Carolina, but what you do not see is the way our partnership with local leaders has empowered this region.

In our Appalachian area, communities work together as in no other part of our state. They decide what they want to do, what is best for them, how they want to do it, who needs to be on board, and how they will pay for it. Then the communities set out to make it happen--whether their goal is building the water and sewer capacity they need to attract and keep good jobs or pulling together the resources to give all their children a good start in life. The ARC partnership is about more than providing the last dollars these communities need to reach their goal. Our partnership says local priorities really matter and we can work together to make a difference.

The Appalachian program provides governors with the flexibility to work with the private sector on our economic development efforts. Working with our ARC partners, we have averaged $23 million per year in additional private investment in our Appalachian counties and our partners in the private sector have created 2,000 new jobs a year for the people of western North Carolina.

I hope the members of this subcommittee will join with the Appalachian governors and the people of our Appalachian region to support the continuation of this partnership. We need this partnership if our Appalachian region is to attain and maintain a competitive position in the global economy.

Statement From:

GEORGE V. VOINOVICH

GOVERNOR

State of Ohio

To:

U. S. House of Representatives

Sub–Committee on Public Buildings

and

Economic Development

Representative Wayne Gilchrest, Chairman

February 28, 1995

STATE OF OHIO
OFFICE OF THE GOVERNOR
COLUMBUS 43266-0601

GEORGE V. VOINOVICH
GOVERNOR

February 27, 1995

Mr. Chairman:

Thank you for this opportunity to provide a written statement before the U.S. House of Representatives' Public Buildings and Economic Development Subcommittee concerning the Appalachian Regional Commission (ARC). I would briefly like to discuss the merits of this program and inform the committee of the important role ARC has played in helping to improve the quality of life in the 29-county region of southern and eastern Ohio that is federally designated as a part of Appalachia.

During my tenure as governor (since 1991), ARC has funded over 90 projects in Ohio covering a wide array of activities ranging from infrastructure development (water, wastewater and roads) that promotes job creation to educational/training support for schools to the improvement of health care service delivery. These projects have provided approximately $13 million in ARC funding which have helped to leverage over $44 million in other public and private funds. It is fair to say that many of these projects would not have been possible (or at best further taxed limited state resources) without ARC funding.

The above statements reflect why I strongly support continued federal funding of the ARC. The program offers extreme flexibility for states to target their funds on projects and activities which best meet the needs and priorities of their communities. Furthermore, the ARC is a unique intergovernmental partnership that works. It is driven from the "bottom up" in an efficient and effective manner with input from local governments through Local Development Districts (LDDs). This coupled with a limited federal bureaucracy that provides for shared leadership with the states makes the ARC a model for the provision of economic and community development services to communities.

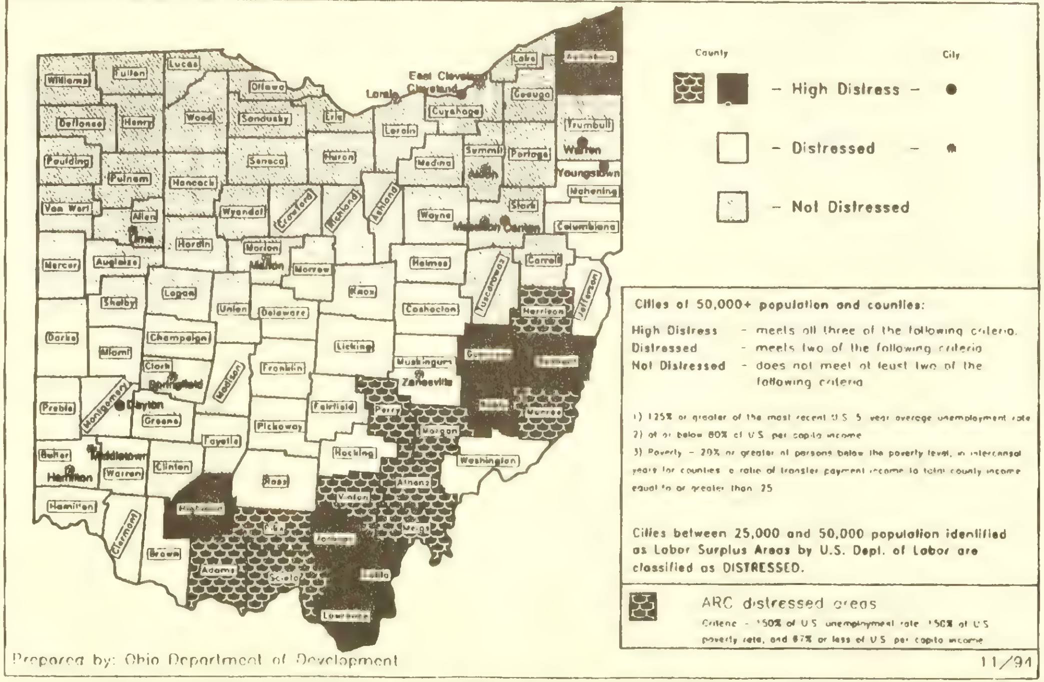
In closing, I would ask that you look at the attached distressed counties map of Ohio. While the state (as a whole) is experiencing significant economic growth, many of the Appalachian counties continue to lag behind with high unemployment and poverty rates. Of the 25 counties that are classified as distressed, 23 are located within the Appalachian region of Ohio. Without the ARC funding, these counties would have even higher levels of distress and greater needs. The ARC has been an investment in the people of Ohio Appalachia that has proven to be successful and should be continued to help foster a better economic and social climate for this region.

George V. Voinovich

GEORGE V. VOINOVICH
Governor

DISTRESSED AREAS:

CITIES OVER 25,000 AND ALL COUNTIES



Cities of 50,000+ population and counties:

High Distress - meets all three of the following criteria.
Distressed - meets two of the following criteria
Not Distressed - does not meet at least two of the following criteria

1) 125% or greater of the most recent U.S. 5 year average unemployment rate
2) at or below 80% of U.S. per capita income
3) Poverty – 20% or greater of persons below the poverty level, in intercensal years for counties a ratio of transfer payment income to total county income equal to or greater than .25

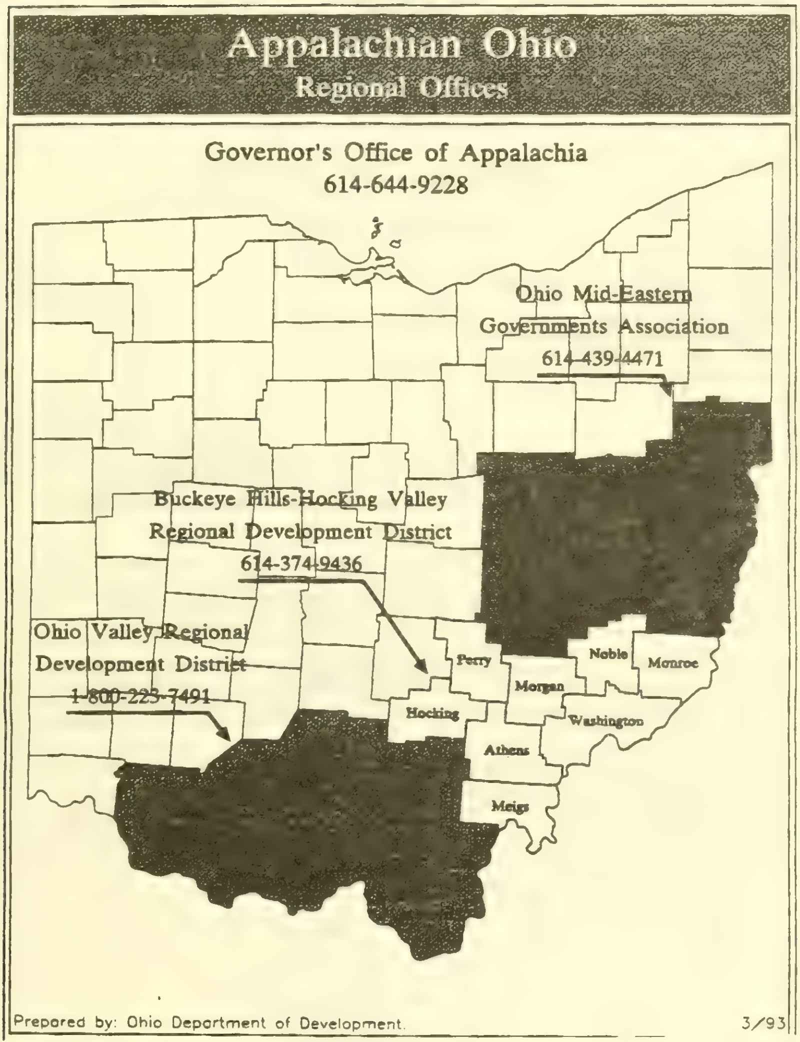
Cities between 25,000 and 50,000 population identified as Labor Surplus Areas by U.S. Dept. of Labor are classified as DISTRESSED.

▨ ARC distressed areas
Criteria - 150% of U.S. unemployment rate, 150% of U.S. poverty rate, and 67% or less of U.S. per capita income

Prepared by: Ohio Department of Development

11/94

TOTAL P.06


Appalachian Ohio
Regional Offices
Governor's Office of Appalachia
614-644-9228
Ohio Mid-Eastern Governments Association
614-439-4471
Buckeye Hills-Hocking Valley Regional Development District
614-374-9436
Ohio Valley Regional Development District
1-800-223-7491
Perry
Noble
Monroe
Morgan
Hocking
Washington
Athens
Meigs

Prepared by: Ohio Department of Development. 3/93

COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR
HARRISBURG

THE GOVERNOR

February 27, 1995

The Honorable Bud Shuster
Chairman
House Committee on Transportation
and Infrastructure
2188 Rayburn House Office Building
Washington, D.C. 20515

Dear Bud:

I am writing to you regarding the Commonwealth of Pennsylvania's support for the reauthorization of both the Economic Development Administration and the Appalachian Regional Commission.

Both of these programs have been of significant benefit to Pennsylvania over the years. Through the funding received, new jobs have been created and innovative economic development programs have been given life. In addition, the governing structure of the Appalachian Regional Commission -- in which both the federal government and the state members of the Commission jointly set the policy and program parameters -- serves as a significant model for how the national and state governments can work together in the administration of federal funding programs.

As the House Committee on Transportation and Infrastructure which you chair continues to investigate the nature of reauthorization for these two programs, I ask that you keep in mind the importance that each of these programs has played in Pennsylvania, and the lessons that can be gleaned from them for application in other areas.

With best personal regards,

Sincerely,

Tom Ridge

Tom Ridge
Governor

State of South Carolina

Office of the Governor

DAVID M. BEASLEY
GOVERNOR

POST OFFICE BOX 11369
COLUMBIA 29211

February 27, 1995

The Honorable Wayne Gilcrest
United States House of Representatives
Chairman, House Public Buildings
and Economic Development Sub-Committee
332 Cannon House Office Building
Washington, DC 20515

Dear Mr. Chairman:

Since the mid 1960's the Appalachian Regional Commission program has played a major role in the development of the Appalachian Region of South Carolina.

The unique federal/state partnership has allowed South Carolina to utilize limited Appalachian funds to leverage local, private and other federal funding to empower the great people of Appalachia. In the 30 years this program has been assisting South Carolinians, the funds have been primarily utilized in the creation of jobs through various programs in workforce training, education, tourism development and infrastructure improvements. The Appalachian Regional Commission funds have played an intricate role in the development of the regions telecommunications network and have also assisted in the reduction of infant mortality rates.

Thirty years have past and many of the regions characteristics have changed. As the budget crisis fuels future changes of many federal programs, it is important to remember the programs which have a proven track record. Although all programs must cut their fair share, to my knowledge, there is no other federal program driven by local community needs which allows the state and the federal government to have an equal say in the future of local development. This type of program is a model of the kind of federalism congress has been pursuing. On behalf of citizens of South Carolina I support the continuation of this very worthwhile program.

Please do not hesitate to call me if I can be of any additional assistance to you.

Sincerely,

David M. Beasley

David M. Beasley
Governor

STATE OF TENNESSEE

DON SUNDQUIST
GOVERNOR

February 28, 1995

Honorable Wayne T. Gilchrest
Chairman
Subcommittee on Public Buildings
and Economic Development
Committee on Transportation and
Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Gilchrest:

I am writing to indicate my strong support for the continuation of the Appalachian Regional Commission (ARC). As a member of Congress, I was always concerned about wasteful federal spending, and the proliferation of programs which were designed and implemented by the federal government distant from the people they were designed to serve. As a Governor, I have come to appreciate the strengths of the ARC program which focus on building the capacity for future growth while providing a meaningful role for states in determining the goals, objectives, and implementing regulations.

The bulk of ARC funding in Tennessee, and the other Appalachian states, is invested in infrastructure projects that build the capacity for economic growth, and enable people to live in conditions that are healthy, safe, and which offer the promise of a higher quality of life. There are thousands of people in Tennessee who have jobs as a result of ARC assistance, and who are now contributing members of the state's economy.

Other federal programs contribute to economic development. What makes the ARC different is that it is administered closer to the people it serves. The shared decision-making which is the hallmark of ARC involves equal participation by the federal government and the 13 state governments.

Because nothing happens in the ARC program that does not have the support of the states, the result is less federal control, more state and local direction, and lower administrative costs. Priorities, regulations, and spending decisions are made by the users which ensure more effective use of the funding that is provided.

State Capitol, Nashville, Tennessee 37243-0001
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Only the Congress can determine the level of spending the nation can afford for economic development programs. I do, however, feel that ARC should be maintained, and that the ARC process should be evaluated as a method of administering other federal programs. I believe ARC represents an appropriate balance of federal and state interests while maintaining the federal accountability that is required.

The emphasis is now on block grants. ARC has functioned largely like a block grant program since its inception in 1965, but with greater flexibility. With block grant programs, unlike ARC, the users do not participate in promulgating the regulations, they only administer what is given them by the lead agency. The fact that ARC is regional in scope should not detract from the strengths of its institutional structure.

Thank you very much for your consideration. If I can provide additional information I will be most pleased to do so.

Sincerely,

Don Sundquist

Don Sundquist

DS/mmt

COMMONWEALTH *of* VIRGINIA
Office of the Governor

George Allen
Governor

February 27, 1995

The Honorable Wayne Gilchrist
Chairman
Subcommittee on Public Buildings
and Economic Development
Committee on Transportation and Infrastructure
332 Cannon House Office Building
Washington, D. C. 20515

Dear Wayne:

As you know, I am a strong proponent of downsizing government -- government at all levels has simply become too big and too intrusive. I applaud the efforts of the current Congress both to put its fiscal house in order and to allow Americans to have more control over their lives. You are on the right track in seeking to combine myriad categorical programs into streamlined block grants and to giving flexibility to the States regarding implementation.

In the context of this new partnership, I would like to commend the Appalachian Regional Commission (ARC) as a model of an effective working relationship between the federal government and the thirteen states that comprise its membership. It is a program that operates with a minimum of red tape and bureaucracy and a maximum of local and state flexibility.

In the year that I have been Governor, the ARC has helped us in southwestern Virginia on various projects, such as water and sewer lines that serve industrial sites. While recognizing that budget cuts will be necessary to bring the federal budget into balance, I hope you will reflect favorably on this unique federal-state partnership and the benefits it is providing in one of our country's poorest regions.

With kind personal regards, I remain,

Sincerely,

George

George Allen

State Capitol • Richmond, Virginia 23219 • (804) 786-2211 • TDD (804) 371-8015

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

GASTON CAPERTON
GOVERNOR

TESTIMONY OF THE HONORABLE GASTON CAPERTON
GOVERNOR STATE OF WEST VIRGINIA

to

HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON PUBLIC BUILDINGS AND ECONOMIC DEVELOPMENT
THE HONORABLE WAYNE GILCHREST, CHAIRMAN

February 22, 1995

Mr. Chairman, Distinguished Representatives, Ladies and Gentlemen. I regret not being with you to testify in person today on behalf of the Appalachian Regional Commission. The West Virginia Legislature is in session considering a number of vital issues, and as Governor, my presence is needed in Charleston.

As one of 13 Appalachian governors, I am deeply aware of the value of the ARC's unique fiscal partnership with local, state, and federal participation. It is exactly this partnership that has allowed the Commission to construct a program of great flexibility, permitting each state to address its own needs and goals, while developing strong inter-regional cooperation.

As Governor of West Virginia, I have seen first-hand the dramatic effect the ARC has had on the lives of West Virginians during the last 30 years.

In 1965, the Appalachian region was struggling. Our life expectancy and high school graduation rates were far below the national average, while our infant mortality rate greatly exceeded the national average. Unemployment in the region was 40 percent higher than the national level. Now, life expectancy and high school graduation rates have increased dramatically, while infant mortality rates and unemployment have dropped sharply. I am proud to say West Virginia now has the lowest unemployment in the last 12 years. These figures have improved, in part, due to an investment of the Appalachian Regional Commission.

OFFICE OF THE GOVERNOR

Since its creation, the ARC has invested over $1.1 billion in West Virginia. This has allowed us to leverage funding from other sources for a total investment of nearly $2.3 billion for education, health care, vocational training and our basic infrastructure.

West Virginia now boasts a highly-skilled and motivated workforce, educated and trained in part with ARC assistance. Programs such as our ARC-funded Customized Industrial Training Initiative have allowed hundreds of West Virginians to receive training and skill enhancement that has increased our business and industrial competitiveness.

By developing 300 miles of Appalachian Corridor roads, we have opened vast areas for economic development and our tourism market. Completion of this system is of critical importance to my state for future growth.

With ARC assistance, we have been able to provide much needed water and sanitation service to thousands of West Virginians. But, safe, reliable water and sanitary service are still critical needs. Our citizens recently approved a $300 million infrastructure bond issue to further address these concerns. We are depending on ARC funding to assist us in financing future projects so that more West Virginians may have safe, clean water. This same funding will also help us develop marketable industrial and business sites.

Mr. Chairman, we have made significant progress in West Virginia and throughout the Appalachian region. Our employment is up, our education system is one of the best in the country, and our road and infrastructure systems have better linked us to the nation and the world. However, much work remains to be done. It is crucial that the Appalachian region be allowed to continue this growth as we approach the next century. With the help of the ARC and your commitment to support the work of the Commission we can build on our success for the people of West Virginia and the rest of the Appalachian region.

Mr. MYERS. Without objection. We have also heard from Governor George Allen, a former colleague of ours. He regrets that he could not be here today. I think the state legislature is still in session. Maybe he is still embroiled in some of that.

Mr. Bevill.

REMARKS OF MR. BEVILL

Mr. BEVILL. Well, thank you, Mr. Chairman.

Governor, I was sitting here thinking about all the governors that I have seen appear before this panel on behalf of this project. Each of you, after serving a year on the Commission, as you have, come back very enthusiastic—and as time goes on, more enthusiastic—in support of this program. Every one of them, Democrats and Republicans, feel just as you do: that the people get more help per dollar with these matching funds and with the cooperation of the Federal and State spokesmen. I agree with you that it is something that really could be used in other areas or in other fields because it has been such a success.

And in my area of north Alabama, the Appalachian part of the State, it is growing and it is reaching some areas for the first time ever. The little rural clinics have made it possible, as you mentioned, for every person in the Appalachian area of the country to be within 30 minutes of some type of treatment.

And I think that has been one of the most successful rural programs I have seen, because so often the people are long distances from the hospitals. They don't have transportation. They can't afford to hire anyone. But they can always go down to that clinic, and a registered nurse on duty there generally can handle the situation, especially by phoning the doctor and getting his advice.

And I know in one of my little towns, the little town of Berry—just a rural community and a very heavily populated rural community—we have not only the doctor to come there, but we have a clinic there, and a doctor from the city about 40 or 50 miles away comes there three days a week. And we have added a dentist and a fully equipped dental office, and the dentist comes about one day a week and it works well.

So it is good to see programs that work so well, especially where there is such cooperation between the State and the Federal level.

I have a few questions I wanted to ask. I certainly want to welcome you and this is your first time to testify, I believe, but you have been serving on the Commission for a year, haven't you?

Governor JONES. Just a few months.

Mr. BEVILL. You indicated that this ARC model represents a unique balance of power between Washington and the States and that this is a model for program planning. And you have covered the concept, I think, very well. The question, of course, we always have and always should have, and always will have, is why should we continue to fund this project? I think you covered most of that. So you might just want to add to that in the record, or if you wish, you may make some further statements on it now.

Governor JONES. Certainly, Mr. Bevill. I just feel so strongly that it is working. And if we have a program that is working, we ought to continue to make it work. And the record speaks for itself. I would go so far as to call your attention to something that I am sure you are well aware of, but in last year's budget, the request came from the President for, I believe, $187 million and this time it is $183 million. But the Congress in their wisdom saw fit to increase the President's request by some $90 million last year and I would hope that you would not feel it was inappropriate to do the same this year. I mean, this doggone thing works. And there are so many of these programs that don't work.

We have created so much welfare dependency in this country. And I think our function of government at the Federal level and at the State level has got to be to help people to help themselves. This is maybe getting to be too trite an example, but you don't give a person a fish, you teach him how to fish.

And we are teaching people how to fish with the ARC, and I am proud of it and I think you should be proud of it and I know you have been a strong supporter of it for a long time.

Mr. BEVILL. You are quoting the Bible now. I also noted your strong support for the ARC highway program. And I frankly don't know of any kind of a project—and we handle thousands of projects over the years, funding dams, waterways, hydroelectric power plants, all kinds of projects—but I don't know of one that creates more jobs than these highway corridors in the rural areas. They actually put people to work in the area building them and then when they are built, they pull in the industry, and that creates more jobs.

And so I agree with you on that, that the job creation evidence is there and it grows every year. I will have some more questions, but I am going to submit them to the record. My time is up.

Mr. MYERS. Mr. Rogers.

REMARKS OF MR. ROGERS

Mr. ROGERS. Thank you, Mr. Chairman.

Governor, my friend, welcome to our subcommittee. And Mr. White, Mr. Hunter, we are delighted to have both of you back here as well.

Let me say to the Chairman of the subcommittee and to the Ranking Democrat, Mr. Myers and Mr. Bevill, over the years you two men have fought valiantly for the ARC and have provided funding for the ARC. And there are countless tens of thousands of Appalachian young people—and old people for that matter, but mainly young people—who can thank these two men and this subcommittee for a tremendous amount of progress in their personal lives. And I hope that there are a lot of other young people yet to come along that will also benefit from their wisdom and their good wishes for us.

As you know, I come from Appalachia. My district is entirely in Appalachia. All but two of my counties are distressed counties. All 25 of my counties are distressed. Two are close. But all of them are in the Appalachian region. I was born and raised there. I was born into a rural home in Wayne County near Monticello.

We didn't have running water. We had outhouses and the like. And that was routine. That was common. Unfortunately, it still is common in a lot of the counties we are talking about. We had our own water supply: a well out in the yard. I recollect when we moved to the county seat when I was about nine years of age and started drinking city water for the first time. It tasted awful because we were used to that sulfurized well water out there that we had had all of our lives.

Mr. BEVILL. With a little mud.

Mr. ROGERS. With a lot of mud. Unfortunately, as time has passed and more surface mining has taken place in the mountains of my region, the water table is even more destroyed than it was then.

I mention those personal references only because it typifies the plight of a region of our country. There was no choice for a young person growing up there, then and now, to leave home and to try to find employment elsewhere. And so we have seen a mass exodus of the best and brightest from that region and certainly we have had some bright ones. Astronauts and Silicon Valley engineers and people who have gone on to great careers, originated there. But they should stay there and have the privilege of staying there.

I followed an older brother to Cincinnati, Ohio looking for a job. That was the thing that you did. Times were tough. I was 17 and couldn't find a job and came back home and wound up doing something else. A lot of people wish I had gotten a job in Cincinnati. But that is still the plight of the young people of that region.

I did not want to leave home. My family was there. The fishing holes were there. Friends were there. Things that you hold dear were there. But yet we force our young people to uproot their lives and go to some cold and distant place to try to make a way of it.

Now, why is Appalachia that way and why is it important that we try to help that region of the country unlike we help any other?

Well, it has been said here. It is isolated. The terrain is so tough that it is tough to build roads. It costs $16 to $18 million a mile to build a highway in the 45-degree solid rock mountains of that region. So the access is very difficult and limited. And, therefore, it is tough to attract business and industry—the normal free enterprise things we all believe in—to that region. It lacks a lot of infrastructure. It still lacks a water supply. It still lacks sewage treatment plants. Many of my counties do not have a single sewage system.

Therefore, waters become polluted. There is very little flat terrain on which to locate a business or industry. Those are some of the difficulties of that region. It is very isolated in many cases and we have seen, as the governor has indicated, where we have built those modest highways. These are mainly two-lane improved highways in the Appalachian program. Along these highways, we have seen something like the greening along the Nile as it went along the desert route. We have seen free enterprise flourish in a few places where we have been able to build those access highways.

And that is why the ARC is important. There is a group in my district called Forward in the Fifth. The governor is familiar with it. It is all 27 counties cooperating together to try to improve education. It predated the State's revolutionary education reform program that the governor pushed through the legislature. But the idea was to involve people, as ARC does, in their own futures—to get them back involved with their schools even though their kid may have graduated from the high school or the school system. And it works with some ARC help. But it is grassroots.

And so lack of access, lack of educational opportunities, lack of infrastructure (such as water and sewage and industrial parks and the like)—all of these things have been tackled by this unique combination of Federal, State, and local, and private individuals working together for the same cause on an idea originated at the local level.

These ideas don't come from Jesse White in Washington, nor do they come from the governor's office in Frankfurt. In many cases, they don't even come from the courthouse in the county seat. They come from the individuals out there who are desperate for nonsulfur water like we were. And that is the beauty of this program. And I urge our colleagues, and the Congress who believe in the free enterprise system, as do I, to look at a region where the free enterprise system is dysfunctional because of these limitations that we have talked about.

The free enterprise system does not work as well in a deprived region like this as it does where you have assets and you have good highways and you have good school systems and plenty of infrastructure. And so that is why this program is necessary and is working.

We are seeing, as Jesse White has indicated, some of the areas within Appalachia begin to grow and remove themselves from the distressed counties list. I sometimes think that perhaps we ought to, in some fashion, reform within ARC, Mr. White—to put more emphasis in the distressed counties. And I know you have done a lot of that, because those are the counties that are still in the emergency room. And you have been able to remove several of the counties out of emergency into the regular hospital beds, but we have still got a large number of distressed counties that need more help than perhaps the others.

But I want to congratulate Chairman White especially, and the governor, for the governor's group, for doing some rethinking at ARC, realizing that we have got budget problems up here of unprecedented magnitude that we are all going to have to address—realizing also that there have been some counties who have perhaps graduated to a better State, leaving the distressed counties distressed. We ought to put what few dollars we have into those areas to help them help themselves.

So I congratulate you for doing some thinking and making a good case for the ARC. This will not be an easy battle this year. In the budget-cutting mode that we are forced into here, we are going to have to examine every penny that we spend for every purpose. But I am here to tell you right now, and for those who would care to hear my voice, I am with you on this to the last breath. And we are going to save ARC because it is vital to this region.

There is no way that the counties that I represent could have had any progress at all over these last several years without the aid of the ARC in helping us get highways to attract industry and businesses in those regions to get water to people who were drinking water that some would be ashamed to show in public, much less drink, and to build sewage treatment plants to try to keep some of the major rivers in our State from becoming unusable many times during the year because of the lack of sewage treatment opportunities.

And so the ARC has brought jobs—private enterprise jobs—by the thousands. I wish we had a study to show how many tax dollars the U.S. Government has gotten back in the form of income taxes—and counties and cities and States from property taxes—from the jobs that have been attracted to that region by the work of the ARC. Perhaps you have that. Such a study would be a good one, because the ARC is making progress. It is helping people like me have an opportunity in life that I would otherwise not have.

And just as we have been helping the urban areas of the country—blighted areas that need and desperately deserve help—so must we help those in the Appalachian area to achieve the same kind of opportunity. And so we are helping the least of these, my brethren, and I urge you to continue to do so.

I am sorry I don't have a question; but all my questions have been answered already.

I just also want to say, Mr. Chairman, that Governor Jones has been a stalwart defender and promoter of the Appalachian program in Kentucky—and, of course, in the country—and obviously as the new State cochairman, he has a heavy responsibility this year. And governor, we thank you as the Chief executive of our State for your effort. And we thank the many others who are involved as well.

And Chairman White, we wish you well and offer our assistance to help you in any way that we can.

And I yield back.

Mr. MYERS. Thank you.

STATES' CO-CHAIRMAN

Governor it seems like we have had more cochairs from Kentucky. Is there a system of rotation? It seems like we have had more cochairs out of Kentucky than any other State. Am I wrong about that?

Mr. WHITE. There is a system of rotation that is managed out of the State office. Mike Wenger is the representative of the governors.

Mr. WENGER. I am Mike Wenger. There is a rotation so that each State gets a chance to serve for a year at a time, but the fact of the matter is that several Kentucky governors have simply asked to serve out of turn. They wanted to serve during their term in office and so the other governors have been agreeable to accommodating that.

And part of that is because Kentucky, up until Governor Jones was able to change that, had a one-term limit on governors, so many of our governors served as the States cochairman during their second term in office but Kentucky governors didn't have that opportunity.

Mr. MYERS. But he exempted himself from that. Did you carve that in stone some place?

Governor JONES. Absolutely. I did. I am more than anxious to get back to the farm.

Mr. MYERS. You made a contract with Kentucky.

Mr. Knollenberg.

Mr. KNOLLENBERG. Mr. Chairman, I am going to yield or pass, whichever you think more appropriate. I apologize to the gentlemen for walking in late, but having two of these hearings at one time does not work very well. I may come back to you.

Mr. MYERS. I was filibustering while you got your breath.

Mr. KNOLLENBERG. I am going to pass to my colleagues on the left.

Mr. MYERS. Mr. Frelinghuysen.

CREATION AND MISSION OF ARC

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman.

I listened intently to the senior Members of the committee and I hope that they will not interpret my questions as disagreeing in any way to what has been said. It has been an education, as you said it would be, to serve on this committee and to see these long-term relationships. I was not, quite honestly, that familiar with your commission.

Could you educate me as to when you were created?

Mr. WHITE. The Commission was created in 1965.

Mr. FRELINGHUYSEN. In 1965. And you were created for a number of fundamental reasons stated into your charter, were you not? And what were those in short?

Mr. WHITE. The principal mission was the economic development of what was 396 counties in the original statute. It is sort of seen or it is remembered as being a part of the Great Society or the War on Poverty program. But in point of fact, it was really never a poverty program so much as an economic development program.

And as I mentioned, the theory was you needed to connect the region via these highways but then also work on the community development side through the area development program.

Mr. FRELINGHUYSEN. So the fundamental missions, have they in any way been expanded since 1965?

Mr. WHITE. No, there have been some changes in approaches to the end. The end has always been economic development and creating self-sufficiency in the region. But there have been some changes in approaches. The Commission started off with sort of a growth center model and through the years moved more toward distressed county concept—in Mr. Rogers' term, sort of an intensive care model—so there have been some changes like that, but the fundamental position has never changed.

Mr. FRELINGHUYSEN. Do you promote tourism, for instance, in your region?

Mr. WHITE. Tourism is a part of economic development and, as a matter of fact, we have some special initiatives in tourism.

Mr. FRELINGHUYSEN. Was that part of your initial mission?

Mr. WHITE. The original statute was very, very broad. And as a matter of fact, it is almost unbelievable to go back and read it now. And tourism was—I don't remember the specific language, but anything that led to job creation and economic development was sort of considered within the purview of the Commission.

The specific emphasis on tourism, I think, has arisen in the last five or six years. And we have tried to gear it pretty much along the corridors, and in other words trying to plan for tourism development along the corridors that we built.

Mr. FRELINGHUYSEN. Are the States and the region eligible for other tourism dollars from other parts of the Federal budget?

Mr. WHITE. That I am not sure about.

Tom, do you know?

Mr. FRELINGHUYSEN. The heart of the question goes to whether the services that you provide are duplicating what already exists.

Mr. WHITE. We think not. Our program was really never seen as duplicative. If I could just take a second to describe what the original theory was, and still is.

The idea of creating the ARC was that, back in 1965, a lot of poor communities could not afford the traditional 50 percent match. And we were set up to come in and provide, say, another 20 or 30 percent Federal money. So we have always been seen as the glue money.

And so, for example, a lot of our programs are actually administered through Farmers Home Administration or the Soil and Conservation Service. We have interagency agreements, which is why our staff is only 50 people, so we are sort of seen as the glue money that goes in and makes the deal possible for a poor community.

Mr. FRELINGHUYSEN. So the ARC money is used to provide non–Federal match?

Mr. WHITE. Well, it expands the Federal share.

Mr. FRELINGHUYSEN. For other Federal monies.

Mr. WHITE. It expands the Federal share, exactly.

ARC HIGHWAY SYSTEM

Mr. FRELINGHUYSEN. How much Federal money is required to complete the highway system?

Mr. WHITE. We have done——

Mr. FRELINGHUYSEN. In the region, I noted in the budget that you have a fiscal year 1996 request of, is it $90 million?

Mr. WHITE. Yes, sir.

Mr. FRELINGHUYSEN. Some people might say to me, are the States eligible for Highway Trust Funds?

Mr. WHITE. They were not——

Mr. FRELINGHUYSEN. In addition to——

Mr. WHITE. They were not until the passage of ISTEA and when ISTEA was passed, all of the 3,000-plus miles of our system were brought into the National Highway System except for 300 miles. So of the 750-odd miles remaining to be completed in our system, except for those 300, governors can use money both out of our appropriated money and the Trust Fund.

ARC EMPLOYEES

Mr. FRELINGHUYSEN. How many employees did you have when the Commission started in 1965 and how many do you have this year?

Mr. WHITE. I am not sure when we began. The high water mark was 130, and we now have 50. The high water mark of our appropriation was about $380 million in the Carter administration. And the budget requests under President Clinton have been between $180 and $190 million. Congress has added on to that so that our total last year was, I think, $282 million.

DURATION OF ARC PROGRAMS

Mr. FRELINGHUYSEN. In the latter part of your comments you asked, why do we need to stay in business? And then you said, when we achieve the ultimate victory, we will no longer be needed. How far down the road do you think that ultimate victory is?

Mr. WHITE. That is the many million dollar question, I guess, Congressman. We do have some fairly good estimates on the highway system. Based on the cost to complete the remaining 25 percent, if States utilized all our money at roughly $100 million a year plus the Highway Trust Fund money, the system could be completed in 2005. If States chose to use only ARC money, it would be 2065.

When the area development side, which is health, education, business development, infrastructure, when that job will be done of course is a lot harder to predict. As I say, we have about 33 counties (in which a lot of people live because they are mostly metro counties) that have pretty much made it. And so the job has been largely completed.

And I would add that the Commission is prohibited by law from tampering with our boundaries. We cannot, for example, move a county out of a program simply because it is doing well. Only Congress can do that. We have crafted policies inside the Commission that have created three tiers of counties: The distressed counties, the middle counties and the competitive counties, and they are eligible for increasingly small percentages of our money. So we have tried to address this differentiation that has gone on in the region.

Mr. FRELINGHUYSEN. Let me say—remembering Mr. Rogers' admonition about other parts of the country and what the Federal Government does for those parts of the country—in the last election cycle, your commission and the TVA were often cited in the Northeast, where I am from, as the sort of commissions that ought to be thoroughly examined. There are some who feel that their missions will go on in perpetuity, and I find that interesting. I am pleased to be here in Washington to be able to ask these questions, since a lot of political rancor caused issues to be raised about these commissions and others. And it is good to have you in front of us to try to defend your commission.

Certainly there are some things that are involved in the mix that I was not aware of, not only from this side of the dais but also from your side of the dais, and I appreciate your responses.

Mr. MYERS. Thank you, Rodney.

Mr. Bunn? Mr. Bunn.

ARC BOUNDARIES

Mr. BUNN. Thank you, Mr. Chairman. I will be brief. If we are now at a point where, on a number of measures, the area exceeds the national average, and yet there are 115 out of 400 counties that are far below average, clearly there are a lot of counties well above average.

Should Congress remove the prohibition so that the boundaries can be modified? When I looked at the map, it looked like we need a new set of boundaries and a new focus.

Mr. WHITE. Well, I have expressed to the authorizing committees on both sides that I would be pleased to work with Congress in a reauthorization that would address these issues. One idea that has been discussed, for example, would be in the statute to have some sort of mechanism whereby when a county reached a certain attainment standard, they would be graduated out of the program. And I think that would make good sense for Congress to craft the legislation along that way. And I would be pleased to work with you toward that end.

Governor JONES. I would certainly agree with that too, and I think most governors would agree with that.

Mr. BUNN. Thank you. That was all I had.

Mr. MYERS. Mr. Knollenberg.

Mr. KNOLLENBERG. Mr. Chairman, I am going to defer in the interest of time. I will submit a question or two in writing and look forward to your response.

I appreciate again your being here today. Thank you.

Mr. MYERS. Mr. Bevill.

Mr. BEVILL. Mr. Chairman, we need to get to a vote.

Mr. MYERS. You have got 10 minutes.

Mr. BEVILL. I want to commend Chairman White for the good job that you are doing. The act passed by Congress in 1965 was to bring the poorest section of the United States up to the level of (or to give it an equal opportunity with) the rest of the country economically, educationally, and in terms of industrial development.

And I think that you certainly have stayed on the track that the law called for, and I just want to commend you mainly for the good job that you are doing. And, Mr. Chairman, I have some questions that I will just submit and that will get us almost back on time for the next panel.

Mr. MYERS. Thank you, Tom.

Governor, a moment ago when I asked about how many cochairs have come from Kentucky, I didn't mean that in a derogatory manner. It was complimentary.

Governor JONES. I couldn't answer the question.

Mr. MYERS. I thought it was a rotation, but I can realize why they would rather have somebody that has many counties in the ARC area. I should remember this. What percentage of your counties are in the Appalachian Regional Commission?

Governor JONES. We have about a third of the counties. The actual number is 49 out of 120.

Mr. MYERS. I guess West Virginia is entirely within the ARC.

Mr. WHITE. It is the only State that is entirely.

Governor JONES. That is the only state. We are between a third and a half. We are proud of this fact and the effect this, along with other programs, has had in Kentucky is that we now have the lowest unemployment rate that we have had in 21 years in Kentucky.

Mr. MYERS. You got the Georgetown plant, what else do you want?

Governor JONES. That helps indeed. And we are contiguous to good States.

Mr. MYERS. That is nice of you to say. I thought if you were going to have a cochair, it was good that it was Kentucky. We send a lot of money down to you. A lot of Hoosiers come to Ellis and Churchill Downs and Lexington.

Mr. JONES. I am going back to the farm so I can give you more horses to bet on, Mr. Chairman.

Mr. MYERS. You have a stud farm?

Governor JONES. Yes, sir, that is what I do for a living, really.

Mr. MYERS. My dad used to have horses. When he died, he had about 30. Half of them were broke and half were not. He just played with them. It is a great sport.

Thank you, again. I apologize, too, for delaying the start of the meeting because we had a vote, and I guess, TVA, we are going to have to delay you a moment.

Governor JONES. Mr. Chairman, if I could, I would like to close with one statement, if I might, because the Congressman has mentioned this and I am sorry he left.

I understand the feeling other parts of the country that are not part of Appalachia that would maybe have some thoughts, why is this money going someplace other than my State or district. And of course the governor has to deal with that in a State as big as Kentucky is—western Kentucky versus central versus eastern Kentucky—and I think all governors have to deal with that.

But I think it is interesting to point out that in the ARC counties, that even with the help of the ARC, that the ARC counties still get 8 percent less direct Federal help than the average counties throughout the rest of America. So they should not feel that somehow the ARC counties are getting more than the average county is because that is not true. Even with this, they still get 8 percent less. But I think we are doing well with it the way it is, and that is why we strongly want to see it continue.

Mr. MYERS. Thank you for your contribution. And Chairman White, thank you. And Director Hunter, thank you for your help.

[The questions and answers for the record, the biographies and prepared statements of the witness, and the FY 1996 Budget Request of the Appalachian Regional Commission follow:]

Answers to Questions from Chairman Myers

Mr. Myers: Throughout its history, the Appalachian Regional Commission has enjoyed some success in developing resources in one of the poorest regions of the country. ARC has, for example, given the entire region reasonable access to health care through extensive development of health care clinics. It has also helped foster the extensive development of vocational education programs in Appalachia. Given the successful accomplishment of these fundamental missions and the severe pressures on the federal budget, isn't the time ripe for ARC to declare victory?

ARC Response: Although ARC has had major successes in the above-mentioned areas and in highway and water and sewer systems construction, small business assistance, and other areas, there is a great need for further assistance in most of the Region for the reasons detailed below:

(a) Many parts of the Region lag the rest of the nation in terms of most statistical measures. Appalachia has 115 severely distressed counties in which statistical indices fall far below those for the US: 1990 poverty rate of 27% vs. 13.1% for US; 3-yr 1990-92 unemployment rate of 11% vs. 6.5% for US; and Per Capita Market Income of $8,742 vs. $16, 026 for US.

(b) Appalachia does not receive its fair share of federal assistance. Even with ARC targeted assistance and the additional federal support that it leverages, Appalachian counties still receive about 8% less in direct federal expenditures on a per capita basis than do their counterparts in the rest of the US.

(c) The Appalachian Development Highway System is only 70% complete. We have completed most of the easy segments, but those that are not yet done are vital to linking the entire region to international commerce. The portions of the system which have been completed have played a critical role in the development which Appalachia has had so far. We feel we must keep our promise to the people of Appalachia that was made in our authorizing legislation -- to bring Appalachia into the mainstream of the U.S. economy.

Helping Appalachia is good for business -- Appalachia can be a contributor rather than a drain on the national economy. Building a vibrant entrepreneurial economy in Appalachia eliminates reliance on federal support, increases tax revenues, and expands domestic demand for goods and services. Currently over one half of the counties in the ARC region receive federal transfer payments in excess of the national average on a per capita basis. It is the Commission's goal to help Appalachian communities develop economically and socially so that their citizens can break out of this state of dependency.

Helping Appalachia reduces outmigration from the Region. Outmigration does not automatically guarantee economic betterment for migrants nor from a national perspective does it solve the problems associated with the legacy of underdevelopment in the Region. Outmigration also wastes economic resources. For many Appalachians leaving is often not an option because they do not have the skills, money, or other resources to move. For many Appalachians who do relocate, the fact that they tend to have lower skill levels and educational backgrounds than what is required to compete in today's increasingly technologically oriented economy means that Appalachian problems are transferred to other parts of the nation.

Completion of the highway system and the development of vibrant entrepreneurial economies throughout the Region are crucial to the completion of ARC's mission.

Mr. Myers: Federal tax dollars are used by the Commission to support programs promoting tourism to the Appalachian region. How are these programs coordinated with the tourism operations of member states? Is there overlap and duplication between ARC tourism programs and programs operated by state offices of tourism, visitor and convention bureaus, and chambers of commerce?

ARC Response: The approval of the ARC tourism program was in consultation with all 13 state travel directors. Since the program began, the Commission staff remain in direct contact with the state tourism directors and other state personnel. The Commission's tourism program is designed to complement state and local activities and not duplicate their efforts. Many state legislatures discourage their tourism funds from being used for regional promotions with other states. Our program helps states work together which substantially increases the impact of tourism dollars.

Our 1995 and 1996 tourism development program encourages corridor development for tourism which will complement the Appalachian Development Highway network and the Interstate system. The process of helping communities with tourism development along the corridors ensures a high return on the investment in the region's highway system. This is not a duplication of other programs.

Mr. Myers: To what extent does the Commission devote financial resources to the location of industry to candidate sites in Appalachia? Doesn't the use of federal money to attract industries to Appalachia create an unfair advantage for the region when other regions are competing for the same industries? Don't Appalachian states offer other advantages -- such as lower costs of doing business, favorable tax climates and high quality of life values -- that are sufficient to attract industrial development without the added advantage of a federal subsidy?

ARC Response: It should be noted that Section 224 of our authorizing legislation states that "no financial assistance shall be authorized under this Act to be used "to assist establishments relocating from one area to another." We take this provision very seriously. Our policies prohibit spending that would support relocation of businesses.

ARC does assist local communities in the development of industrial sites to provide for business creation, expansion, or retention in Appalachian communities. This assistance allows Appalachian communities to provide the basic necessities which businesses need in order to operate. No ARC funds are used to encourage businesses to relocate.

ARC funds can be used for international business recruitment. However, the Federal Co-Chairman is highly skeptical of the use of Federal dollars for this purpose and has brought the issue to the ARC Policy Development Committee. Absent Congressional action, it would take a majority of Governors joining with him in enacting a limitation or prohibition.

The Federal Co-Chairman favors a more entrepreneurial model of home grown business development. The creation of self-sustaining long-term economic development requires providing the means for increasing local entrepreneurial activity and locally-grown businesses; on assuring an adequate human resource base to become globally competitive and able to adjust to change; and on building the physical infrastructure that is required to sustain and create economic opportunities.

Appalachia generally does not have the advantages of other regions -- otherwise businesses would be thriving there, personal incomes and employment would be high, and there would be no need for ARC. Areas to which businesses often locate might have higher taxes and higher costs, but they also have more access to resources and markets, making for higher potential profits. Greater demand by businesses for locating in high profit areas partially results in these higher costs. Business location decisions are not driven by the lowest costs but by profitability expectations. Locating in a low cost area with limited accessibility, an unskilled labor pool, and limited product demand would not be good business sense.

It is also incorrect to assume that development in Appalachia occurs at the expense of other areas. Development is not a zero-sum proposition, as the tremendous economic growth in most parts of the U.S. proves. Different strategies may also be appropriate for developing different areas.

Mr. Myers: The area directly benefitting from ARC programs comprises 399 counties. The Subcommittee understands that the ARC is prohibited by law from proposing the withdrawal of any of these counties from ARC jurisdiction, even though several of these counties meet or exceed national averages for economic performance. Is it time to revisit this prohibition and critically examine ARC's current boundaries? Does ARC have a mechanism to ensure that federal funds are not expended for the assistance of counties with superior economies?

ARC Response: Our authorizing statute prohibits the Commission from recommending or considering changes in the definition of the Region without a prior resolution from the Senate Committee on Public Works or without a study directed by the House of Representatives. The Federal Co-Chairman would welcome such direction from Congress. The Federal Co-Chairman has already expressed willingness to work with members of our authorizing Committee to develop legislation which would better target our resources to those areas in the greatest distress.

ARC has established policies which increase the resources allocated to our 115 severely distressed counties, as defined by ARC. These counties are defined as those that have (1) per capita income no greater than two-thirds the U.S. average; (2) three-year unemployment at least 150 percent of the U.S. average; and, (3) poverty rate at least 150 percent of the U.S. average; or (4) at least twice the national poverty rate plus one other above economic indicator. There is a special allocation of 20% of area development funds which can only be used in these 115 distressed counties in 9 states -- the 4 Appalachian states with no distressed counties receive none of this funding. Additionally, there is a higher match, 80% versus 50% of project costs, to encourage the states to concentrate resources in these counties. We also encourage our states to limit funding to competitive counties to a 30% ARC contribution. In 1994, states spent an average of 29% of their area development allocation in distressed areas.

Mr. Myers: Is ARC money used to leverage other federal grants or loans? Is it fair to say that federal money is sometimes used to provide the non-Federal share of grants or loans requiring a local match?

ARC Response: ARC funds are used to leverage other federal funds. ARC funds are designed to be supplemental, not duplicative, of other Federal funds. ARC funds are typically the "glue money" that pulls together private, local, State and other Federal funds, and provides technical assistance for small local communities. ARC works closely with numerous Federal agencies who administer our funds in combination with their funds, and State, local and private funds.

Our statute recognizes that many Appalachian communities may not have the funds to satisfy the local match required by many Federal programs. A large portion of ARC projects provide supplements to grants made by other Federal agencies. This increases the federal participation in Appalachia. However, ARC funds are never considered to be non-Federal and cannot be used to provide the local match when required by ARC statute or code or any other Federal grant or loan program.

Mr. Myers: Please describe the strategic planning process in which the Commission is presently engaged. What kind of deliverable is this process expected to produce and of what value will it be for the federal taxpayer?

ARC Response: The Commission's comprehensive strategic planning process was initiated in April 1994. The strategic plan, which should be completed by the Fall of 1995, will chart ARC's future course and will define the full scope of managerial and front-line strategies needed to support excellence in ARC customer service for a new generation of

Appalachians. Our authorizing legislation foresaw the need for constant redirection of ARC programs to keep pace with change. The Act also called for public participation in the realignment process and for the convening of regional forums to identify pressing needs and emerging issues. This management strategy, based on the principle of participatory democracy, is the same process that has emerged over the past decade in many public and private organizations. Major tasks in our strategic planning initiative include (1) a socioeconomic review of the region; (2) area development program and policy review; (3) consultations with experts, scholars, grantees, government officials and community groups to elicit information on internal operations, the effectiveness of the partnership, and policy direction; (4) field meetings/forums with the public; and, (5) intergovernmental relations study.

As part of our strategic planning process, ARC conducted a town meeting in Ironton, Ohio on January 24th. This location was chosen to allow maximum participation of citizens from Ohio, Kentucky and West Virginia. This session provided citizens with the opportunity to discuss the area's needs in education, health care, job development, and to help plan ARC's future programs. The session was attended by over 200 citizens and was broadcast live gavel-to-gavel by Ohio public radio and television. It provided the Commission with valuable grassroots information. We are planning for two or three additional town meetings in other parts of the Region which will also allow multi-State participation. ARC will also be sponsoring seven or eight focus group meetings which will include private sector interests (banks, utilities, and industry), local public sector leadership, labor leaders, health providers and clients, education community representatives, and community-based organizations.

Although our strategic planning exercise is not completed, we are already incorporating early findings into our processes. For example, the Commission's Policy Development Committee (which includes representatives from four States) is developing revised guidelines for project submissions; we are including benchmarking in our program development; and we have formed interdisciplinary work teams to address the needs of the Commission and our customers. Our FY 97 OMB budget submission will reflect the results of our strategic planning efforts. This process will allow ARC to complete its mission more effectively and at less cost.

Mr. Myers: What is the timetable for completion of the ARC highway program?

ARC Response: The Appalachian Development Highway System is nearly 70% complete (2,107 miles) with 2,160 miles expected to be completed by September, 1995. Three-quarters of the system, or 2,276 miles, has been completed or is under construction. By September, 1995, we expect 2,315 miles to be underway or completed. The FY 1996 request would result in completion of 2,200 miles and 2,360 miles completed or underway. With Commission resources alone, at the current level of appropriations, the system could not be completed in the foreseeable future (2065 estimated completion year). If all funding from all other sources were continued at the current level, it is possible that the system could be completed in 2005.

Mr. Myers: Can you comment as to why the President has failed to nominate an alternate Federal co-chair for the Commission? Do you know whether such a nomination is imminent.

ARC Response: At the time of his appointment, the Federal Co-Chairman was told by the White House that the President did not intend to appoint an Alternate. This decision was part of his commitment to streamline and downsize government. The Federal Co-Chairman has not been informed of a change in the President's position, but the position remains available if circumstances should dictate such an appointment.

Mr. Myers: The subcommittee understands that the ARC highway system is approximately 75% complete. The subcommittee further understands that the remaining 25% will likely cost as much to complete as the first 75%. Please describe steps being taken by the Commission to contain costs and to expedite completion of the highway program.

ARC Response: The ARC highway system is actually 70% complete as of the end of FY 1994. An additional 5% of the system is under construction. There are two major reasons why the costs to complete the system are approximately equal to the amount spent for the first 75% of the system. First, inflation in construction costs over the past 30 years and projected for the future means that to build the first 75% of the system starting today would cost far more than it has cost starting in 1965. Therefore, these costs are not directly comparable. Second, the easiest (or least costly on a per mile basis) segments have already largely been built. The final segments include some of the most mountainous terrain where costs are $16 to $18 million per mile. Yet, completing these segments is crucial to bringing economic development to some of the most isolated portions of the Region.

The ARC highway program is administered through FHWA. Total administrative and planning costs requested for FY 1996 are $1.6 million, including funding for one position at ARC. These administrative costs are very low and allow almost all of the highway appropriation to go into actual construction. We work closely with FHWA to ensure that ARC funds are obligated as soon as possible. To keep costs as low as possible, the states and FHWA work closely to commit funds as soon as individual segments of the corridors reach the construction phase.

Mr. Myers: The Commission has developed a classification scheme pursuant to which jurisdictional counties are designated as "distressed," "competitive," and "neither strong nor distressed." Competitive counties -- comprised of strong economic performers -- must invest a substantially higher non-Federal match for ARC-supported economic development projects than do distressed or mid-range counties. The Subcommittee understands that thirty-three counties meet the criteria for "competitive" designation but member States have designated only nine such counties. Does the Commission have a plan to encourage more realistic county designations?

ARC Response: The resolution which was adopted by the Commission in 1987 allows the States to designate their economically competitive counties. Governors rarely do propose projects for these counties, but the non-designation of these counties by the States allows that there may be unique economic development opportunities in these counties which could substantially benefit neighboring distressed and/or neither strong nor distressed counties. This avoids a disincentive for proposing such projects.

The Federal Co-Chairman personally favors mandatory designation; but consistent with the ARC partnership structure, he must obtain concurrence from a majority of governors. He does plan to bring this issue to the Commission again this year. However, the ultimate solution to this issue may be to "graduate out" from the Region those counties which no longer require special assistance. As discussed above, the Federal Co-Chairman would welcome discussion of this issue with Congress.

Mr. Myers: Please describe and quantify Commission activities that have been or will be undertaken in support of the 1996 Summer Olympics in Atlanta.

ARC Response: During the past two years, Commission staff attended meetings related to Georgia's plans for the Olympics. Any future activities related to the Olympics will be designed to help communities in the region realize the economic benefits of visitors traveling to and from the Olympics.

Mr. Myers: As authorizing committees of the 104th Congress consider reauthorization of ARC, what changes to previous authorizing legislation will you recommend?

ARC Response: The Administration, as represented in the President's FY 1996 Budget, proposes continuing ARC with no changes in authorization. Any changes in authorization proposed by the Federal Co-Chairman would have to first be coordinated within the Administration.

The Federal Co-Chairman is prepared to work with Congress to explore ways of better targeting the Commission's resources to those parts of the region that remain in the greatest need -- for example, crafting a method of "graduating out" of the ARC program those counties that have attained certain levels of economic strength and diversity that make continued ARC assistance unnecessary.

Mr. Myers: Last year, the Commission testified that it was in the process of developing a tourism "identity" program for the region. The Subcommittee was informed that the identity program would, "consist of an umbrella theme with sub-themes that help distinguish the diversity of the region and help in marketing Appalachia as a destination to both international and domestic tourists." Have these themes and sub-themes been

developed? Is so, please describe them. Please update the Subcommittee on the status of the tourism identity program.

ARC Response: The Commission contracted with an outside firm to conduct a focus group study in six cities. The study was designed to help gain a better understanding of what consumers of travel know about the region; how they define Appalachia; what negatives might be associated with the region and what travel professionals think are the attributes to be promoted. In addition, travel themes in six categories were tested.

The categories tested for theme development included: History/Culture/Tradition/Heritage, Scenery/Beauty, Ecology/Environment/Nature, Crafts/Music, Diversity/Wide Range of Activities, and Adventure.

Of the six themes, the History and Culture theme and the Scenery and Beauty theme were most popular with focus groups tested in Chicago, Illinois, and in Chattanooga, Tennessee.

Sub-themes or messages were also rated by the focus groups during this research. Under the Theme of History/Culture/Tradition/Heritage, twenty-two (22) messages were tested and the messages with the top ratings were:

- "America's Small Town Getaways" (in Chicago and Chattanooga)
- "Highways to History" (in Chattanooga)
- "Where History Comes Alive" (in Chicago)

In the tests of messages or sub-themes for the Scenery/Beauty Theme participants related nine messages and top scores were received by "Beautiful Appalachia: See It From Our Point of View" in Chattanooga and in Chicago, the top rated message was "Come on By--The View is Great."

Utilizing the information obtained in the travel theme research, ARC will develop its tourism development activities around the themes of History/Culture and Scenery/Beauty. Our tourism activities for FY 1996 will focus on tourism development along Appalachian Corridors and Interstate Highways. This will enable the Region to maximize the return on the significant investment in the ARC highway system.

Mr. Myers: Please provide for the record a list of all development projects approved for funding in fiscal year 1994.

ARC Response: This list is attached.

Appalachian Regional Commission
Non-Highway Projects Approved in Fiscal Year 1994

APPALACHIAN REGIONAL COMMISSION
1994 PROJECTS

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PROJECT NO	PROJECT NAME	ARC FUNDS	BASIC FUNDS	STATE LOCAL	TOTAL ELIG COST	COUNTY
0694-94	DDAA REGIONAL TRAINING PROJECT -MD	50000	0	0	50000	
0947R-92	PLNG.&COORDINATING LITERACY PROGRAMS IN OH	20000	0	0	20000	
0968-94	REGIONAL ANALYSIS WORKING ACCOUNT	65000	0	0	65000	
0971A-94	DOE/ORNL SUMMER MATH/SCIENCE DEMO.PROJECT	109535	0	0	109535	
0971B-94	DOE/ORNL SUMMER MATH/SCIENCE DEMO.PROJECT	33000	0	0	33000	
1215C-94	REGIONAL TOURISM INITIATIVE MANAGEMENT	98609	0	0	98609	
1247-94	INDUSTRIAL COMPETITIVENESS STDY.(PER BOB.D.)	100000	0	0	100000	
1334-93	ACENET INVSTG.USE INFO.TECHNLG.FLXBL.MNFCTG.	20000	0	20000	40000	
1348-94	COAL EMPLOYMENT PROJECT	6500	0	0	6500	
1450-93	TOURISM IDENTITY PROGRAM FOR APPALACHIA	70000	0	0	70000	
1462-94	MARY JO WOLFE MEMRL.LIB.AUDIO VSL.EQP.MTRLS.	10000	0	0	10000	
1465-94	FORWARD IN 5TH.MTCHNG.GRANT PROG.FOR AFFILIATE	25000	0	0	25000	
1473-94	RECRUITMENT OF THE EXECUTIVE DIRECTOR FOR ARC	50000	0	0	50000	
1486-94	NATIONAL CONGRESS OF NEIGHBORHOOD WOMEN	10000	0	0	10000	
1549-94	APPAL.REGL.REPRESENTATIVE FOR WASH.CENTER	60000	0	0	60000	
1802-94	PLNG/DEVEL.OF THE S.E. REGIONAL ALLIANCE	50000	0	0	50000	
	C STATE SUBTOTAL 16	777644	0	20000	797644	
1469A-94	AL TECH.ASST.STRATEGIC PLNG.EZ/EC PROGRAM	15000	0	0	15000	
0700A-95	NORTHWEST AL COUNCIL OF LOCAL GOVERNMENTS	60962	0	60962	121924	(MULTI)
0700B-95	NORTH CENTRAL AL REGIONAL COUNCIL GOVERNMENTS	42046	21023	21023	84092	(MULTI)
0700C-95	TOP OF AL REGIONAL COUNCIL OF GOVERNMENTS LDD	74387	27895	46492	148774	(MULTI)
0700D-90F	WEST ALABAMA PLANNING & DEVELOPMENT COUNCIL	1333	0	7244	8577	(MULTI)
0700D-95	WEST AL PLANNING& DEVELOPMENT COUNCIL LDD	49725	0	49725	99450	(MULTI)
0700E-95	BIRMINGHAM REGIONAL PLANNING COMMISSION	83419	0	0	83419	(MULTI)
0700E-95	BIRMINGHAM REGIONAL PLANNING COMMISSION	83419	620218	55612	759249	(MULTI)

PROJECT NO	PROJECT NAME	ARC FUNDS	BASIC FUNDS	STATE LOCAL	TOTAL ELIG COST	COUNTY
0700F-95	EAST AL REGIONAL PLANNING&DEVELOPMENT COMM.	78973	0	78973	157946	(MULTI)
0700H-95	CENTRAL AL.REGL.PLNG & DEVEL.COMMISSION LDD	23488	0	23488	46976	(MULTI)
7805-93R	ALABAMA CONSOLIDATED TECHNICAL ASST. GRANT	50000	0	0	50000	(MULTI)
7805-94	ALABAMA CONSOLIDATED TECHNICAL ASST. GRANT	105000	0	105000	210000	(MULTI)
9010-94	AL FY 94 DEVELOPMENT HIGHWAY PROGRAM	36847000	0	9302722	46149722	(MULTI)
1296-94	AUBURN U.LNKNG.EDUC.ECON.DEV.(LEED)10947I-92	197777	0	69488	267265	(MULTI)
1526-94	SHELTON STATE COMMUNITY COLLEGE	194400	0	48600	243000	(MULTI)
1527-94	AL NEWBORN SCREENING PROJECT	141703	0	35876	177579	(MULTI)
1533-94	BIRMINGHAM REGL.PLNG.COMM.(0700E-95)	15000	0	0	15000	(MULTI)
1229-93	CLEVELAND WATER SYSTEM IMPROVEMENTS - AL	143000	0	207500	350500	BLOUNT
1460-93	CULLMAN WATER RESERVOIRS PROJECT - AL	244000	0	0	244000	CULLMAN
1460-93R	CULLMAN WATER RESERVOIRS PROJECT - AL	109000	0	0	109000	CULLMAN
1505-94	WLC.ST.CMTY.COLL.ADVCD.T.TRN.DRFT.BIMDCL.ELCTR	200000	0	50000	250000	CULLMAN
1658-94	HANCEVILLE SEWER EXTENSION	20000	0	6500	26500	CULLMAN
1507-94	VALLEY HEAD WATER SYSTEM IMPROVEMENTS - AL	72000	0	14400	86400	DEKALB
1502-94	ADECA STE TELECOMMUNICATIONS PROJECT	175000	0	175000	350000	ELMORE
1231-93	BURTON LOOP & BUZZARD ROCK WTR.EXTENSION - AL	250000	0	125000	375000	ETOWAH
1499-94	QUEST FOR EXCELLENCE - AL	20000	0	9250	29250	ETOWAH
1544-94	RAINBOW CITY WATER SYSTEM IMPROVEMENTS	200000	0	88000	288000	ETOWAH
1509-94	GLEN ALLEN WATER SYSTEM IMPROVEMENTS	199160	0	49790	248950	FAYETTE
1685-94	BESSEMER AIRPORT WATER EXTENSION	200000	0	830000	1030000	JEFFERSON
1506-94	GORDO WATER SYSTEM IMPROVEMENTS	153040	0	38260	191300	PICKENS
1663-94	TUSCALOOSA WATER & SEWER EXPANSION	5000000	2000000	7137950	14137950	TUSCALOOSA
1503-94	TOWN OF PARRISH TOWN HALL ACQUISITION	100000	0	0	100000	WALKER
0977-92R2	BLACK POND WATERLINE EXTENSION	14917	0	0	14917	WINSTON
1501-94	DOUBLE SPRINGS WATER SYSTEM EXTENSION	200000	0	208000	408000	WINSTON

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AL STATE SUBTOTAL	34	45363749	2669136	18844855	66877740	
1484-94	GTEDI ENHANCING MNFCTRNG.COMPETITIVENESS APPAL	200000	0	0	200000	
0701A-94R	COOSA VALLEY AREA PLANNING & DEVELOPMENT COMM	14822	0	14822	29644	(MULTI)
0701A-95	COOSA VALLEY AREA PLANNING & DEVELOPMENT COMM	85811	0	85811	171622	(MULTI)
0701A-95	COOSA VALLEY AREA PLANNING & DEVELOPMENT COMM	77790	0	77790	155580	(MULTI)
0701B-95	GA MTNS AREA PLANNING & DEVELOPMENT COMM	89316	13974	18632	121922	(MULTI)
0701B-95	GA MTNS AREA PLANNING & DEVELOPMENT COMM	110437	59000	56479	225916	(MULTI)
0701C-95	CHATTAHOOCHEE-FLINT AREA PLNG & DEVEL COMM	17896	0	17896	35792	(MULTI)
0701C-95	CHATTAHOOCHEE-FLINT AREA PLNG & DEVEL COMM	16371	0	1543	17914	(MULTI)
0701D-94	ATLANTA REGIONAL COMMISSION	35301	610462	164383	810146	(MULTI)
0701E-95	NORTHEAST GA AREA PLANNING & DEVELOPMENT COMM	32222	0	51312	83534	(MULTI)
0701E-95	NORTHEAST GA AREA PLANNING & DEVELOPMENT COMM	36723	0	2964	39687	(MULTI)
0701F-95	NORTH GA AREA PLNG & DEVEL COMMISSION	74973	2000	9556	86529	(MULTI)
0701F-95	NORTH GA AREA PLNG & DEVEL COMMISSION	67418	57000	41473	165891	(MULTI)
7769-94	GA DCA CONSOLIDATED TECHNICAL ASST.GRANT	107775	0	107775	215550	(MULTI)
9000-94	GA FY 94 DEVELOPMENT HIGHWAY PROGRAM	3445000	0	1476429	4921429	(MULTI)
0091-94R3	GA BUSINESS DEVELOPMENT RLF RECAPITALIZATION	300000	0	0	300000	(MULTI)
1240-94	NO.GA.TECH.INST.ADULT LITERACY LEARN COMPUTER	31035	0	28920	59955	(MULTI)
1252-94	COOSA VALLEY TECH.INST.ADULT LITERACY PROJECT	115100	0	115100	230200	(MULTI)
1307-94	NORTH GA. CAA SCHOOL OUTREACH PROJECT	66000	0	16500	82500	(MULTI)
1563-94	FORT OGLETHORPE SEWER LINE EXTENSION	200000	0	444308	644308	CATOOSA
1559-94	SUMMERVILLE WASTEWATER TREATMENT&ACCES% ROAD	50500	0	50500	101000	CHATTOOGA
1343-94	CHEROKEE COUNTY ADULT LITERACY PROJECT	32000	0	8000	40000	CHEROKEE
1561-94	DAWSONVILLE SEWERAGE TREATMENT EXPANSION	25955	358600	134540	519095	DAWSON
1253-94	ROME CITY SCHOOLS PROJ.PHS.II(PROJ.TYPE CHGD.)	32000	0	32000	64000	FLOYD

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1306-94	GILMER COUNTY ADULT LITERACY PROJECT	21640	0	5410	27050	GILMER
1519-94	CALHOUN-GORDON TECH SATELLITE CENTER	400000	0	224000	624000	GORDON
1242-94	LAWRENCEVILLE LITERACY PROJECT	25000	0	83000	108000	GWINNETT
1560-94	DEMOREST WATER SYSTEM IMPROVEMENTS	300000	0	733500	1033500	HABERSHAM
1730-94	BALDWIN WATER SYSTEM IMPROVEMENTS	300000	0	831000	1131000	HABERSHAM
1520-94	WEST GEORGIA TECH ADULT LITERACY	38500	0	10228	48728	HEARD
1562-94	BRASELTON WATER SYSTEM EXPANSION	220000	0	220000	440000	JACKSON
1516-94	MURRAY CTY.BRD.EDUC.APPRENTICESHIP TRNG.PROJ.	52000	0	19000	71000	MURRAY
1524-94	CHATSWORTH WATER SYSTEM IMPROVEMENTS	200000	0	894000	1094000	MURRAY
1565-94	PAULDING COUNTY SEWER EXTENSION	167500	0	167500	335000	PAULDING
1523-94	JASPER WATER SYSTEM IMPROVEMENTS	200000	0	200000	400000	PICKENS
1564-94	ROCKMART WASTEWATER TREATMENT FACILITY IMPROV.	200000	0	3175700	3375700	POLK
1731-94	RABUN WATER SYSTEM IMPROVEMENT	300000	0	340000	640000	RABUN
1239-94	STEPHENS CTY.DROPOUT PREV.PROG.,A.C.E.	44432	0	11108	55540	STEPHENS
1043-94R	YOUNG HARRIS WASTEWATER SYSTEM IMPROVEMENTS	204880	0	179220	384100	TOWNS
1517-94	TOWNS COUNTY DROPOUT PREVENTION PROJECT	63520	0	49183	112703	TOWNS
1521-94	BLAIRSVILLE WATER SYSTEM IMPROVEMENT	200000	0	200000	400000	UNION
1522-94	WHITE COUNTY SEWER SYSTEM EXPANSION	200000	0	275075	475075	WHITE
0801-92	DALTON/WHITFIELD ADULT LIT./BSC.SKLS.ENHNCMNT.	70500	0	23500	94000	WHITFIELD
1308-94	FRIENDSHIP HOUSE CHILD CARE PROJECT	75000	0	82152	157152	WHITFIELD
1487-94	WHITFIELD COUNTY APPRENTICESHIP PROGRAM	48000	0	12000	60000	WHITFIELD
	GA STATE SUBTOTAL 45	8595417	1101036	10692309	20388762	
1469D-94	KY TECH.ASST.STRATEGIC PLNG.EZ/EC PROGRAM	50000	0	0	50000	
0702A-95	BUFFALO TRACE AREA DEVELOPMENT DISTRICT	43491	16309	27181	86981	(MULTI)
0702B-95	FIVCO AREA DEVELOPMENT DISTRICT	72671	27252	45420	145343	(MULTI)

PROJECT NO	PROJECT NAME	ARC FUNDS	BASIC FUNDS	STATE LOCAL	TOTAL ELIG COST	COUNTY
0702C-95	BLUEGRASS AREA DEVELOPMENT DISTRICT	93573	35090	58482	187145	(MULTI)
0702D-95	GATEWAY AREA DEVELOPMENT DISTRICT	46436	17413	29023	92872	(MULTI)
0702E-95	BIG SANDY AREA DEVELOPMENT DISTRICT	71548	26830	44718	143096	(MULTI)
0702F-95	LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT	82771	31039	51732	165542	(MULTI)
0702H-95	CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT	87542	32828	54714	175084	(MULTI)
0702I-95	KENTUCKY RIVER AREA DEVELOPMENT DISTRICT	82769	31039	51731	165539	(MULTI)
0702J-95	BARREN RIVER AREA DEVELOPMENT DISTRICT	14998	5624	9374	29996	(MULTI)
6302+15PC	KENTUCKY APPALACHIAN HOUSING PROGRAM	500000	0	0	500000	(MULTI)
7779-93R	KY-CONSOLIDATED TECHNICAL ASSISTANCE GRANT	25000	0	0	25000	(MULTI)
7779-94	KY-CONSOLIDATED TECHNICAL ASSISTANCE GRANT	247500	0	247500	495000	(MULTI)
9001-94	KY FY 94 DEVELOPMENT HIGHWAY PROGRAM	13500000	0	3375000	16875000	(MULTI)
1206-93S	HINDMAN STLMNT.SCH.FULL-TIME SCH.DYSLEXIC STDN	12081	0	5053	17134	(MULTI)
1285-94	EASTERN KY ASPIRING ENTREPRENEUR PROG.PHS.II	50000	0	64500	114500	(MULTI)
1333-93	KY CRAFT STUDY & PROGRAM IMPLEMENTATION	45000	0	45000	90000	(MULTI)
1347-93R	LOCAL AFFILIATE EXPNS.PROJ.FRWRD.FIFTH(SEE KY)	35000	0	0	35000	(MULTI)
1347-94	LOCAL AFFILIATE EXPNS.PROJ.FRWRD.IN THE FIFTH	50000	0	50000	100000	(MULTI)
1535-94	MOREHEAD ST.UNIV.APPAL.CULTURAL RESOURCE CTR.	140000	0	206769	346769	(MULTI)
1539-94	APPAL.KY TIMBER UTLZN.CONSERV.&REFOREST.PROJ.	40000	0	40000	80000	(MULTI)
1548-94	CRYSTAL LAKE GEOTECHNICAL SURVEY,BEATTYVILLE	60000	0	0	60000	(MULTI)
1584-94	COOPERATIVE TOURISM MARKETING PROGRAM	25000	0	25000	50000	(MULTI)
1585-94	WATER & SEWER PLAN UPDATE	40000	0	25000	65000	(MULTI)
1588-94	MOUNTAIN ARTS CENTER	500000	2000000	2825000	5325000	(MULTI)
1683-94	CUMBERLAND VALLEY DRY HYDRANT PROJECT	20000	0	20816	40816	(MULTI)
1701-94	G.B.JOHNSON JR.EDUC.&ECON.DEV.CNTR.PH.II.RENVO	375000	0	375000	750000	(MULTI)
1770-94	CATLETTSBURG WASTEWATER PROJECT	400000	0	4761316	5161316	BOYD
1345-93	SANDY HOOK WTR.DISTRIBUTION SYS.EXT.PHASE II	375000	502000	299000	1176000	ELLIOTT

PROJECT NO	PROJECT NAME	ARC FUNDS	BASIC FUNDS	STATE LOCAL	TOTAL ELIG COST	COUNTY
1461-93	ESTILL COUNTY TEEN CENTER - KY	5000	0	0	5000	ESTELL
1604-94	IRVINE WASTEWATER SYSTEM IMPROVEMENT	300000	0	1855000	2155000	ESTILL
1599-94	BENHAM SEWER SYSTEM UPGRADE & LINE EXTENSION	300000	0	1512741	1812741	HARLAN
1603-94	JOHNSON/LAWRENCE WATER DISTRIBUTION PROJECT	430282	1291210	590108	2311600	JOHNSON
1304-93	EAST CORBIN WATER LINE EXTENSION	200000	429600	925700	1555300	KNOX
1598-94	PINE HALL RURAL WATER EXPANSION	380000	0	1155083	1535083	LINCOLN
1696-94	WTR.SYS.IMPROV.STRG.&EXT.KNGSTN.TERR.WTR.DIST.	300000	0	868000	1168000	MADISON
1600-94	MCCREARY COUNTY SEWER PROJECT - PHASE I	450000	897000	1795500	3142500	MCCREARY
1601-94	MENIFEE COUNTY NURSING HOME	300000	0	488500	788500	MENIFEE
1605-94	LEVEE ROAD WATER IMPROVEMENTS	360000	0	240564	600564	MONTGOMERY
1677-94	WEST LIBERTY SEWER LINE EXTENSION	150000	0	477400	627400	MORGAN
1749-94	PERRY COUNTY SANITATION DIST.#1 SEWER IMPROV.	250000	0	595790	845790	PERRY
1534-94	CUMBERLAND VALLEY MEDICAL CENTER	381000	0	432164	813164	PIKE
0845-94	POWELL COUNTY WATER TREATMENT PLANT	290000	0	436425	726425	POWELL
1676-94	MILL SPRINGS BATTLEFIELD MUSEUM/VISITOR CTR.	20000	0	24187	44187	PULASKI
1587-94	ROCKCASTLE INDUSTRIAL PARK - PHASE II	105212	315636	105212	526060	ROCKCASTLE
1536-94	CUMBERLAND FALLS HIGHWAY WTR.IMPROV.& EXT.	300000	585500	806500	1692000	WHITLEY
KY STATE SUBTOTAL	46	21606874	6244370	25046203	52897447	
0703A-95	TRI-CNTY.CNCL-WEST MD-LDD(PRJS 10673-10695-93)	110000	55000	102624	267624	(MULTI)
9002-94	MD FY 94 DEVELOPMENT HIGHWAY PROGRAM	1519000	0	-1648557	-129557	(MULTI)
0695-94	TRI-CNTY.CNCL.WEST-MD(PRJS 0703A-95 &10673-93)	20000	0	0	20000	(MULTI)
0952-93R	MD CONSOLIDATED TECHNICAL ASSISTANCE GRANT	40917	0	0	40917	(MULTI)
0952-94	MD CONSOLIDATED TECHNICAL ASSISTANCE GRANT	183800	61600	218800	464200	(MULTI)
1469J-94	MD TECH.ASST.STRATEGIC PLNG.EZ/EC PROGRAM	10000	0	0	10000	(MULTI)
1540-94	HAGERSTOWN JR.COLL.DISTANT LRNG.EXPNS.PROJ.	107630	0	29300	136930	(MULTI)

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1541-94	GARRETT CMTY.COLL.DISTANT LEARNING EXPNS.PROJ.	107630	0	29300	136930	(MULTI)
1542-94	ALLEGANY CMTY.COLL.DISTANT LRNG.EXPNS.PROJ.	107630	0	29300	136930	(MULTI)
1543-94	FROSTBURG ST.UNIV.DIST.LRNG.EXPANSION PROJECT	68465	0	68465	136930	(MULTI)
1579-94	TQM/ISO 9000 TRNG.&IMPLMNT.TRAIN TRAINER PROG.	75000	0	18000	93000	(MULTI)
1581-94	HI-PERFORMANCE COMPUTING EQUIP.IND.&ACADEMIA	156372	0	156372	312744	(MULTI)
1406-93	RIVERSIDE INDUSTRIAL PARK IMPROVEMENTS	528000	1960000	622000	3110000	ALLEGANY
1471-94	COMPREHENSIVE ARTS STGY.W.MD.AT CTR.PRFMNG.ART	120000	0	0	120000	ALLEGANY
1618-94	HAGERSTOWN DOWNTOWN IMPROVEMENT	64463	0	64464	128927	WASHINGTON
1675-94	HAGERSTOWN WATER SYSTEM IMPROVEMENT	1000000	0	2100000	3100000	WASHINGTON
MD STATE SUBTOTAL	16	4218907	2076600	1790068	8085575	
1468-94	PARENTING CENTER AT MS UNIV. FOR WOMEN	70000	0	0	70000	
1469G-94	MS TECH.ASST.STRATEGIC PLNG.EZ/EC PROGRAM	10000	0	10000	20000	
0704A-95	NE MS PLANNING & DEVELOPMENT DISTRICT	73819	36109	39361	149289	(MULTI)
0704B-95	THREE RIVERS PLANNING & DEVELOPMENT DISTRICT	86523	57000	47841	191364	(MULTI)
0704B-95	THREE RIVERS PLANNING & DEVELOPMENT DISTRICT	88442	0	8511	96953	(MULTI)
0704C-95	GOLDEN TRIANGLE PLANNING & DEVELOPMENT DIST	78409	57000	45136	180545	(MULTI)
0704C-95	GOLDEN TRIANGLE PLANNING & DEVELOPMENT DIST	80148	0	8900	89048	(MULTI)
0704D-95	EAST CENTRAL MS PLNG & DEVEL DISTRICT	9706	19667	18589	47962	(MULTI)
0704D-95	EAST CENTRAL MS PLNG & DEVEL DISTRICT	9496	59000	22832	91328	(MULTI)
7763-94	MS CONSOLIDATED TECHNICAL ASSISTANCE GRANT	175000	0	175000	350000	(MULTI)
9012-94	MS FY 94 DEVELOPMENT HIGHWAY PROGRAM	20601974	0	5484761	26086735	(MULTI)
1512-94	GOLDEN TRIANGLE TELECOMMUNICATIONS MRKTNG.PLAN	9000	0	9000	18000	(MULTI)
1631-94	DOUBLE SPRINGS WATER IMPROVEMENTS	186000	0	200000	386000	(MULTI)
1635-94	FAMILY PRACTICE RESIDENCY PROGRAM	100000	0	100000	200000	(MULTI)
1748-94	ITAWAMBA CMTY.COLL.CMPTR.INTGRD.MNFCTRNG.CIM	113000	0	113000	226000	(MULTI)

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1771-94	NE MS REGGIONAL GEOGRAPHIC INFORMATION SYSTEM	27248	0	0	27248	(MULTI)
1790-94	DISTRESSED AREA LEADERSHIP TRNG.ASST.PROJ.	50000	0	96031	146031	(MULTI)
1621-94	PRENTISS-ALCORN WATER TREATMENT IMPROVEMENTS	100000	0	200000	300000	ALCORN
1622-94	HICKORY FLAT FIRE PROTECTION	50000	0	50000	100000	BENTON
1498-94	HOUSTON WATER SUPPLY FACILITIES	192000	0	48000	240000	CHICKASAW
0936-94	PACKAGING CORP AMER.POLE MILL INDUSTRIAL	4240	0	1060	5300	CHOCTAW
1480-94	CHOCTAW CTY.LABORATORY & COMPUTER EQUIPMENT	55716	0	13929	69645	CHOCTAW
1633-94	TOWN OF ACKERMAN WATER IMPROVEMENTS	148000	0	37000	185000	CHOCTAW
1380-93	SUN CREEK WATER SYSTEM IMPROVEMENTS	56800	0	14200	71000	CLAY
1704-94	STRONG HILL WATER SYSTEM EXTENSION	200000	0	421000	621000	CLAY
1104-92R	FULTON INDUSTRIAL ROAD	50000	0	97584	147584	ITAWAMBA
1632-94	ITAWAMBA CTY.SCH.MATH SCIENCE IMPROVEMENT	146232	0	36559	182791	ITAWAMBA
0282-94	EAST CENTRAL MS PDD REVOLVING LOAN FUND	150000	0	0	150000	KEMPER
1530-94	E.MS CMTY.COLL.CENTER TECHNOLOGY TRAINING	31000	0	8667	39667	KEMPER
1623-94	KEMPER COUNTY FIRE PROTECTION	100000	0	30000	130000	KEMPER
1353-94	TOWN OF SHANNON SEWER LINE EXTENSION	15000	0	15000	30000	LEE
1606-94	NE MS REGL.WATER SUPPLY DISTRICT EXPANSION	622000	750000	1623000	2995000	LEE
1607-94	GOLDEN TRIANGLE INDUSTRIAL PARK WATER EXT.	200000	0	218500	418500	LOWNDES
1382-93	NORTH HOLLY SPRINGS INDUSTRIAL ACCESS ROAD	4092968	0	1023242	5116210	MARSHALL
1636-94	ROOF RENOVATION,ABERDEEN PRAIRIE IND. PARK	200000	0	200000	400000	MONROE
1476-94	TOWN OF STURGIS WATER IMPROVEMENTS	194500	0	168500	363000	OKTIBBEHA
1477-94	STARKVILLE INDUSTRIAL PARK ACCESS ROAD	218208	0	54552	272760	OKTIBBEHA
1388-93	EAST RIPLEY WATER IMPROVEMENTS	160000	0	190000	350000	TIPPAH
1620-94	BLUE MOUNTAIN WATER STORAGE IMPROVEMENTS	182000	182000	0	364000	TIPPAH
1624-94	NORTH TIPPAH SCHOOLS SCIENCE EQUIPMENT	84360	0	21090	105450	TIPPAH
0617-94	GENESIS/RAIL DISTRIBUTION CNTR.ACCESS ROAD	102400	0	25600	128000	UNION

PROJECT NO	PROJECT NAME	ARC FUNDS	BASIC FUNDS	STATE LOCAL	TOTAL ELIG COST	COUNTY
1532-94	NEW ALBANY WATER IMPROVEMENTS	59000	0	59000	118000	UNION
1113-94	HIGHPOINT WATER TREATMENT PLANT	59149	0	58951	118100	WINSTON
1379-93	LOUISVILLE COLISEUM IMPROVEMENTS	88000	0	22000	110000	WINSTON
	MS STATE SUBTOTAL 44	29330338	1160776	11016396	41507510	
1469E-94	NC TECH.ASST.STRATEGIC PLNG.EZ/EC PROGRAM	10000	0	0	10000	
1482-94	STC ENCHNCNG.MNFCTRNG.COMPETITIVENESS APPAL.	200000	0	0	200000	
1750-94	STRATEGIC PLANNING MANUAL - PRETEST	10000	0	0	10000	
0706A-95	SOUTHWESTERN NC PLNG & ECONOMIC DEV COMM	63437	11193	60945	135575	(MULTI)
0706A-95	SOUTHWESTERN NC PLNG & ECONOMIC DEV COMM	63404	0	3983	67387	(MULTI)
0706B-95	LAND-OF-SKY REGIONAL COUNCIL	59909	57000	38969	155878	(MULTI)
0706B-95	LAND-OF-SKY REGIONAL COUNCIL	59877	0	3761	63638	(MULTI)
0706C-95	ISOTHERMAL PLANNING & DEVELOPMENT COMMISSION	59554	0	136297	195851	(MULTI)
0706C-95	ISOTHERMAL PLANNING & DEVELOPMENT COMMISSION	59522	0	999	60521	(MULTI)
0706D-95	REGION D COUNCIL OF GOVERNMENTS	63031	0	3960	66991	(MULTI)
0706D-95	REGION D COUNCIL OF GOVERNMENTS	63064	0	95280	158344	(MULTI)
0706E-95	WESTERN PEIDMONT CNCL.OF GOVTS.(SEE 10875_92)	59962	0	173653	233615	(MULTI)
0706E-95	WESTERN PEIDMONT CNCL.OF GOVTS.(SEE 10875_92)	59994	0	111883	171877	(MULTI)
0706G-95	NORTHWEST PIEDMONT COUNCIL OF GOVERNMENTS	60371	0	60371	120742	(MULTI)
0706G-95	NORTHWEST PIEDMONT COUNCIL OF GOVERNMENTS	60339	0	0	60339	(MULTI)
7780-93R	NORTH CAROLINA'S CONSOLIDATED TECH.ASST.GRANT	73258	0	72735	145993	(MULTI)
7780-94	NORTH CAROLINA'S CONSOLIDATED TECH.ASST.GRANT	276742	0	306982	583724	(MULTI)
9004-94	NC FY 94 DEVELOPMENT HIGHWAY PROGRAM	6825000	0	1641801	8466801	(MULTI)
1446-94	PROMOTING A SMART START- APPALACHIAN CHILDREN	525000	0	131250	656250	(MULTI)
1457-93	NC RURAL INITIATIVE OUTREACH & EDUCATION	30000	0	60000	90000	(MULTI)
1590-94	RURAL JOB CREATION MICROENTERPRISE PROJECT	25000	0	25000	50000	(MULTI)

PROJECT NO	PROJECT NAME	ARC FUNDS	BASIC FUNDS	STATE LOCAL	TOTAL ELIG COST	COUNTY
1717-94	NC EZ/EC STRATEGIC PLAN IMPLEMENTATION	500000	0	125000	625000	(MULTI)
1466-94	SPARTA PRE-TRTMNT.FAC.BRISTOL COMPRESSOR EXPNS	200000	0	400000	600000	ALLEGHANY
1625-94	IVY RIVER WATER TREATMENT PLANT	200000	1200000	3190000	4590000	BUNCOMBE
1472-94	MASCO/MORGANTON INDUSTRIAL PARK	135500	0	135500	271000	BURKE
1794-94	SHERRILL FURNITURE EXPANSION PROJECT	125000	0	521000	646000	BURKE
1591-94	CALDWELL COUNTY RAILROAD LINE(SEE NC 11707-94)	127234	0	130000	257234	CALDWELL
1707-94	CALDWELL CTY.RAILRD.REHAB.PRJ.(SEE 11591-94)NC	72766	22987	127247	223000	CALDWELL
1716-94	CAHAH'S MOUNTAIN INDUSTRIAL SEWER	200000	0	258222	458222	CALDWELL
1713-94	FAIN MOUNTAIN WATER SUPPLY REPLACEMENT PROJECT	200000	50000	321600	571600	CHEROKEE
1151-94R	HAYESVILLE WATER & SEWER IMPROVEMENTS	11030	0	11029	22059	CLAY
1709-94	BEAVERDAM INDUSTRIAL WATER & SEWER	200000	90000	556300	846300	HAYWOOD
1712-94	FRANKLIN WTR./SWR.LINE EXT.&WTR.TRMNT.SYS.UPGR	200000	0	479900	679900	MACON
1626-94	HOT SPRINGS WATER TREATMENT PLANT	200000	312000	128000	640000	MADISON
1715-94	SALUDA INTERCHANGE SEWER IMPROVEMENT	87920	100000	46980	234900	POLK
0878-91R	WATAUGA COUNTY WATER & SEWER - PHASE I	30000	0	53540	83540	WATAUGA
1720-94	BEAR BRANCH SEWER OUTFALL LINE - PHASE II	101000	0	102832	203832	WATAUGA
1714-94	N.WILKESBORO IND.SITE SEWER LINE IMPROVEMENT	200000	0	204000	404000	WILKES
	NC STATE SUBTOTAL 38	11497914	1843180	9719019	23060113	
1451-93	ENHANCING MICROCMPTR.CAP.IMPRV.CAPTL.PLNG.	90000	0	0	90000	
1451B-93	ENHANCING MICROCMPTR.CAP.IMPRV.CAPTL.PLNG.	20000	0	0	20000	
1483-94	SUNY-BINGHAMTON(C3)ENHNCG.MNFCTRNG.COMP. APPAL	200000	0	0	200000	
2324-95	S.TIER EAST REG'L PLNG&DEVEL.BRD.(PRJ 10614-94	95000	57000	103000	255000	(MULTI)
2329-95	STW REGL.PLNG.&DEV.BRD.(MNY.PT.74000)10613-93	74000	0	139000	213000	(MULTI)
2337-95	SO.TIER CNTRL.REG'L.PLNG&DEV.BRD.(PRJ-10612-94	74000	60666	78334	213000	(MULTI)
7532-94	REDEC RECAPITALIZATION REVOLVING LOAN FUND	100000	0	0	100000	(MULTI)

PROJECT NO	PROJECT NAME	ARC FUNDS	BASIC FUNDS	STATE LOCAL	TOTAL ELIG COST	COUNTY
7532-94R	REDEC RECAPITALIZATION REVOLVING LOAN FUND	50000	0	50000	100000	(MULTI)
7776-94	NY CONSOLIDATED TECHNICAL ASSISTANCE PROGRAM	180000	0	180000	360000	(MULTI)
8907A-86	NY HOUSING REVOLVING LOAN FUND PRG	150000	0	162764	312764	(MULTI)
8907B-86	NY HOUSING REVOLVING LOAN FUND PRG	150000	0	150000	300000	(MULTI)
9003-94	NY FY 94 DEVELOPMENT HIGHWAY PROGRAM	3428797	0	855999	4284796	(MULTI)
0612-94	S.TIER CNTRL.REG.PL&DV.BD.SPEC.TA(PRJ-2337-95)	65000	0	0	65000	(MULTI)
0613-94	S.T.W.REG.PLNG.&DEV.DST.BRD.SPEC.TA.(02329-95)	65000	0	55000	120000	(MULTI)
0614-94	S.TIER EAST REG.PL&DV.BD.SPEC.TA.(PRJ 02324-95	65000	0	73000	138000	(MULTI)
1070-93	JMSTWN.CMTY.COLL.ADVNCD.MNFCTNG.RESOURCE CNTR.	74650	0	145832	220482	(MULTI)
1336-93	STW MUNICIPAL PARTNERSHIP DEMONSTRATION PROJ.	67000	0	74600	141600	(MULTI)
1474-94	SOUTHERN TIER LINE RAIL PRESERVATION PROJECT	40000	0	46500	86500	(MULTI)
1550-94	SOUTHERN TIER MEAT GOAT/SHEEP PROD.&MRKG.PROG.	103900	23004	81538	208442	(MULTI)
1592-94	ALLIANCE FOR MANUFACTURING COMPETITIVENESS	149965	0	188209	338174	(MULTI)
1593-94	SEWER TIE'IN TO HORNELL-HORNELLVILLE(HAASP)	7500	0	7500	15000	(MULTI)
1594-94	MULTI REGL.TELECOMMUNICATIONS IMPLEMENTATION	55000	0	82000	137000	(MULTI)
1595-94	WAVERLY CAREER EXPLORATION PROGRAM	56784	0	127068	183852	(MULTI)
1702-94	CATSKILL MNTN.EDUC.CNTR.INTRCTV.TELCOM.NETWORK	144000.	0	277200	421200	(MULTI)
1721-94	CATTARAUGUS ALLEGANY BOCES DIST.LRNG.NETWORK	149965	0	470519	620484	(MULTI)
1722-94	JAMESTWN.CMTY.COLL.VIDEO-CONF.DEMO.PROJECT	150000	0	168249	318249	(MULTI)
1726-94	TOMPKINS CRTLND.CMTY.COLL.INTGRNG.INFO.TECH.	52440	0	53225	105665	(MULTI)
1729-94	RURAL NY HLTH.NETWORKING PROJECT	182114	242846	566340	991300	(MULTI)
1727-94	WHITESVILLE SCHOOL BUSINESS PARTNERSHIP	24000	0	30354	54354	ALLEGANY
0994-94	BROOME EMPLOYMENT SELF SUFFICIENCY PROGRAM	76767	11301	97758	185826	BROOME
1338-93	BROOME COUNTY AGING FUTURES PROJECT	25000	0	48116	73116	BROOME
1723-94	EASTERN BROOME HEALTH EDUC.EXCELLENCE PROJECT	149954	0	275154	425108	BROOME
0621-94R	CATTARAUGUS ECON.DEV.ZONE INFRA.PRJ.(NAME CHG)	60000	0	91200	151200	CATTARAUGUS

PROJECT NO	PROJECT NAME	ARC FUNDS	BASIC FUNDS	STATE LOCAL	TOTAL ELIG COST	COUNTY
1514-94	JAMESTOWN CMTY.COLLEGE MRC TRNG.INITIATIVE	149668	0	406398	556066	CHAUTAUQUA
1546-94	BASE QUAL.SYS.DEV.& IMPLEMENTATION PROJECT	148950	0	230617	379567	CHAUTAUQUA
1469I-94	NY TECH.ASST.STRATEGIC PLNG.EZ/EC PROGRAM	10000	0	0	10000	CHEMUNG
1547-94	TOWN OF BIG FLATS WATER DISTRICT IMPROVEMENTS	150000	0	154519	304519	CHEMUNG
1724-94	SCHUYLER-CHEMUNG-TIOGA BOCES INTRTD.BSC.SKILLS	78932	0	89133	168065	CHEMUNG
1728-94	LATTA BRK.IND.PRK.INFRASTRUCTURE EXT.RE-CONST.	95362	50000	145362	290724	CHEMUNG
0808-94	CORTLAND DROPOUT PREVENTION PROGRAM	44776	31038	27821	103635	CORTLAND
1686-94	RAINBOW FAMILY CHILD CARE PROJECT	90000	4246	101118	195364	DELAWARE
1703-94	VILLAGE SHARON SPRINGS WSTWTR.SYS.IMPROVEMENT	250000	981900	756700	1988600	SCHOHARIE
1725-94	SCHOHARIE CTY.STRATEGIC TELECOM.IMPLMNTN.PROJ.	149945	0	348850	498795	SCHOHARIE
1684-94	SCHUYLER ARC DAY CARE CENTER	89000	0	90022	179022	SCHUYLER
1394-93	ARC ENTERPRISE LIGHT ASSEMBLY TRAINING PROG.	90000	0	145631	235631	STEUBEN
1596-94	TOMPKINS COUNTY HUMAN SERVICES CONSOLIDATION	50000	0	57485	107485	TOMPKINS
	NY STATE SUBTOTAL 46	7772469	1462001	7232115	16466585	
1078-94	OMEGA REVOLVING LOAN CAPITALIZATION	100000	0	0	100000	
1469F-94	OH TECH.ASST.STRATEGIC PLNG.EZ/EC PROGRAM	10000	0	0	10000	
1481-94	OVRDC ENHANCING MNFCTRNG.COMEITITVENESS APPAL.	200000	0	0	200000	
0707B-95	B.H.H.V.REGL.DEV.DST.(MNY.PT.84333) 10684-93	84333	57000	147111	288444	(MULTI)
0707C-95	OH MID_EASTERN GVTS.ASSN(MNY.PT.84333)10683-93	84333	57000	241488	382821	(MULTI)
0707D-95	OH VLG.REGL.DEV.COMM.LDD(MNY.PT.84334)10685-94	84334	0	234334	318668	(MULTI)
7781-94	OH'S CONSOLIDATED TECHNICAL ASSISTANCE GRANT	100000	0	100000	200000	(MULTI)
9005-94	OH FY 94 DEVELOPMENT HIGHWAY PROGRAM	5019737	0	213811	5233548	(MULTI)
9322-94	REVOLVING LOAN FUND (OVRDC)	100000	0	100000	200000	(MULTI)
9322-94R	REVOLVING LOAN FUND (OVRDC)	100000	0	0	100000	(MULTI)
0296-94	BH-HVRDD REVOLVING LOAN FUND	100000	0	0	100000	(MULTI)

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PROJECT NO	PROJECT NAME	ARC FUNDS	BASIC FUNDS	STATE LOCAL	TOTAL ELIG COST	COUNTY
0296-94R	BH-HVRDD REVOLVING LOAN FUND	100000	0	0	100000	(MULTI)
0533-94	FUND FOR APPALACHIAN INDUSTRIAL RE-TRNG.(FAIR)	250000	0	250000	500000	(MULTI)
0683-94	OH-MID-EASTERN GOV.ASSC.LDD-SP.TA(PRJ0707C-95)	100000	0	75600	175600	(MULTI)
0685-94	OH VLG.REG'L.DEV.COMM.LDD-SPEC.TA(SEE 0707D-95	100000	0	0	100000	(MULTI)
0996-94	YOUTH LEADERSHIP & COMMUNITY SERV. PROJECT	44780	0	15320	60100	(MULTI)
1566-94	OH GERMAN TOURISM COOPERATIVE MARKETING PROG.	25000	0	26500	51500	(MULTI)
1643-94	TRI-CTY.JVS BSC.SKLS.EMPL.&APLD.VOC.TECH.	50300	0	50300	100600	(MULTI)
1669-94	MUSKINGUM AREA TECH.COLL.CRMNL.JSTC.TRN.CTR.	30000	0	30000	60000	(MULTI)
1687-94	INSTRUCTIONAL EQUIP.RESPIRATORY THERAPY PROG.	64950	0	65160	130110	(MULTI)
1688-94	INST.EQUIP.HLTH.ENGINEERING PHY.SCIENCES	73527	0	73805	147332	(MULTI)
1742-94	GALLIA-JACKSON-VINTON JVSD IND.BUS.TRNG.CMPTR.	96000	0	24000	120000	(MULTI)
1645-94	BARNSVILLE CENTRAL BUSINESS DIST.EXPANSION	250000	0	1075750	1325750	BELMONT
1646-94	MARTIN'S FERRY DOWNTOWN REVITALIZATION PROJ.	250000	0	1585000	1835000	BELMONT
1513-94	VISTA CENTRE SANITARY SEWER&WATER DISTRIBUTION	50450	0	50450	100900	COLUMBIANA
1737-94	COLUMBIANA COUNTY PRISON WATER PROJECT	500000	0	2800840	3300840	COLUMBIANA
1644-94	COSHOCTON JVS TECHNOLOGY 2000 PROJECT	120000	0	30000	150000	COSHOCTON
1614-94	BYESVILLE WATER IMPROVEMENT	150000	150000	421000	721000	GUERNSEY
1668-94	WEST ROUTE 40 SEWER & WATER IMPROVEMENT	50000	0	692400	742400	GUERSEY
1733-94	CADIZ RAW WATER TRANSMISSION FACILITY	250000	1282000	1332000	2864000	HARRISON
1427-93	JACKSON WSTWTR.TRTMNT.IMPROV.LUIGINO EXP.PROJ.	350000	1130000	800000	2280000	JACKSON
1613-94	WELLSTON WASTEWATER TREATMENT IMPROVEMENT	300000	0	1200000	1500000	JACKSON
1670-94	JEFFERSON TECH.COLL.PROGRAMMABLE CONTROLLER	65000	0	66836	131836	JEFFERSON
1735-94	PHASE III RURAL WTR.EXTENSION CARPENTER HILL	350000	0	343805	693805	MEIGS
1745-94	RACINE WATER & SEWER PROJECT	80000	0	233044	313044	MEIGS
1734-94	MONROE WATER SYSTEMS WATERLINE EXTENSION	50000	0	742000	792000	MONROE
1746-94	DEVEL.OF A CMPTR.AIDED DRFTNG.(CAD) LAB.	51400	0	12850	64250	MORGAN

PROJECT NO	PROJECT NAME	ARC FUNDS	BASIC FUNDS	STATE LOCAL	TOTAL ELIG COST	COUNTY
1431-93	PERRY MUSKINGUM RAILWAY RETENTION	218713	272200	456378	947291	PERRY
1672-94	CERAMICS THRU CORE KNOWLEDGE/CRKSVL.VLG.SCH.	96000	0	32000	128000	PERRY
1673-94	GLENFORD EMERGENCY WATER STORAGE & DISTRIBUT.	100000	0	824249	924249	PERRY
1689-94	PERRY CTY.CMTY.SERV.CNTR.ENVIR-IND.TECHNOLOGY	92500	0	92500	185000	PERRY
1671-94	FISH & GAME ROAD WATERLINE EXTENSIONS	70000	0	54000	124000	PIKE
1736-94	US 50 WATER LINE EXTENSION	56639	0	56640	113279	ROSS
1741-94	FRANKLIN FURANCE AREA SANITARY SEWER EXT.	300000	562000	1066000	1928000	SCIOTO
1747-94	SCIOTO CTY.JVS AUTOMOTIVE TECHNOLOGY EQUIP.	150000	0	150000	300000	SCIOTO
1475-94	BUCKEYE JVS EDUC.EXCEL.& WORK FORCE TRNG.PROJ.	160000	0	40000	200000	TUSCARAWAS
1642-94	MODERNIZATION TECH.CURRICULUM WASH.CTY.JVS	25013	0	6253	31266	WASHINGTON
	OH STATE SUBTOTAL 47	11053009	3510200	15811424	30374633	
1469K-94	PA TECH.ASST.STRATEGIC PLNG.EZ/EC PROGRAM	5000	0	0	5000	
1485-94	NIFM ENHANCING MNFCTRNG.COMPETITIVENESS APPAL.	200000	0	0	200000	
1497-94	PRELMNRY.ASSMNT.EVALLTN.STRGS.IND.COMPTN.DEMO.	20000	0	0	20000	
1807-94	PA.ST.EVLN.PLN.IND.COMPTVN.INITIATIVE DEMO PRJ	180000	0	0	180000	
0708A-95	NORTHWEST PA REGIONAL PLANNING & DEVEL COMM	73412	36706	36706	146824	(MULTI)
0708A-95	NORTHWEST PA REGIONAL PLANNING & DEVEL COMM	84428	1158	14842	100428	(MULTI)
0708B-95	NORTH CENTRAL PA REG PLANNING & DEVEL COMM	71485	0	16000	87485	(MULTI)
0708B-95	NORTH CENTRAL PA REG PLANNING & DEVEL COMM	71777	47851	23926	143554	(MULTI)
0708C-95	NORTHERN TIER REGIONAL PLNG & DEVEL COMM	62854	0	16000	78854	(MULTI)
0708C-95	NORTHERN TIER REGIONAL PLNG & DEVEL COMM	66057	0	66057	132114	(MULTI)
0708D-95	NORTHEASTERN PA ECONOMIC DEVELOPMENT COUNCIL	88337	11755	4245	104337	(MULTI)
0708D-95	NORTHEASTERN PA ECONOMIC DEVELOPMENT COUNCIL	82947	35297	47650	165894	(MULTI)
0708F-95	SOUTHERN ALLEGHENIES PLANNING & DEVEL COMM	71485	0	16000	87485	(MULTI)
0708F-95	SOUTHERN ALLEGHENIES PLANNING & DEVEL COMM	71777	10000	61777	143554	(MULTI)

PROJECT NO	PROJECT NAME	ARC FUNDS	BASIC FUNDS	STATE LOCAL	TOTAL ELIG COST	COUNTY
0708G-95	SEDA-COG DEVELOPMENT DISTRICT	73684	10000	240000	323684	(MULTI)
0708G-95	SEDA-COG DEVELOPMENT DISTRICT	74362	0	16000	90362	(MULTI)
0708H-95	SOUTHWESTERN PA ECONOMIC DEVELOPMENT DISTRICT	77771	28800	52000	158571	(MULTI)
0708H-95	SOUTHWESTERN PA ECONOMIC DEVELOPMENT DISTRICT	80527	12500	5625	98652	(MULTI)
7752B-94	SOUTHWEST PA ENTERPRISE DEVELOPMENT-- R.L.F.	500000	0	0	500000	(MULTI)
7752G-94	NORTH CNTRL.PA ENTERPRISE DEVEL. - R.L.F.	500000	0	0	500000	(MULTI)
7784-94	PA CONSOLIDATED TECH. ASST. GRANT	350000	25000	429711	804711	(MULTI)
8285-94	NWPRPDC ENTERPRISE DEVELOPMENT PROGRAM	400000	175000	225000	800000	(MULTI)
8290-94	SEDA-COG ENTERPRISE DEVELOPMENT PROGRAM	400000	150000	250000	800000	(MULTI)
8291-94	ECON.DEV.CNCL.N.E.PA ENTERPRISE DEV.PROG.	400000	112500	287500	800000	(MULTI)
8304-94	S.ALLEGHENIES ENTERPRISE DEVELOPMENT PROGRAM	400000	200000	200000	800000	(MULTI)
8305-94	NORTHERN TIER ENTERPRISE DEVELOPMENT PROG	280000	191807	88193	560000	(MULTI)
8312-94	NORTH CNTRL.PA ENTERPRISE DEVELOPMENT PROGRAM	280000	140000	140000	560000	(MULTI)
9006-94	PA FY 94 DEVELOPMENT HIGHWAY PROGRAM	11916494	0	2977028	14893522	(MULTI)
1046-94	TOT.QUAL.MNGMNT.INST.SMALL BUS.IN NW PA	215000	0	215000	430000	(MULTI)
1052-94	CMTY.COLL.ALGHNY.CTY.ENVIR.TECH TRNG.PROG.	62554	0	80500	143054	(MULTI)
1055-94	SOUTHWEST PA.ENTERPRISE DEVEL.PROGRAM	400000	101573	354500	856073	(MULTI)
1328-94	ALLEGANY CMTY.COLL.DIST.LRNG.FACILITIES PROJ.	61167	0	61167	122334	(MULTI)
1344-94	PA APPALACHIAN WORKFORCE DEVELOPMENT PROGRAM	600000	0	606720	1206720	(MULTI)
1551-94	N.W. PENN INTERMODAL FACILITY STUDY	17500	0	17500	35000	(MULTI)
1552-94	SEDA-COG REGL.GRAPHIC INFO.SYS.PROJ.(0708G-95)	175000	0	175000	350000	(MULTI)
1552-94	SEDA-COG REGL.GRAPHIC INFO.SYSTEM PROJECT.	175000	0	175000	350000	(MULTI)
1556-94	MULTI CTY.INTERGOVERNMENTAL COOP.PROJECT	25000	0	25000	50000	(MULTI)
1557-94	N.W.PA.BASE QUALITY SYST.IMPLEMENTATION PROJ.	148200	0	167500	315700	(MULTI)
1567-94	VISITOR INTERPRETATIVE INFORMATION PROJECT	75000	0	78500	153500	(MULTI)
1568-94	PA STWD.MNFCTRNG.MARKETING NETWORK PROGRAM	250000	0	250000	500000	(MULTI)

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PROJECT NO	PROJECT NAME	ARC FUNDS	BASIC FUNDS	STATE LOCAL	TOTAL ELIG COST	COUNTY
1679-94	ALIQUIPPA INDUSTRIAL PARK (LTV) PROJECT	150000	0	3974060	4124060	BEAVER
1393-93	EMLENTON/ROUTE 38 IND.PARK COMPLEX PROJECT	200000	0	1058000	1258000	BUTLER
1396-93	CAMBRIA CTY.IND.PARK INFRASTRUCTURE PROJECT	110330	0	110330	220660	CAMBRIA
1093-92	TANNERS RUN FLOOD PROTECTION	250000	0	2473000	2723000	CLEARFIELD
1692-94	WEST ERIE ENTERPRISE ZONE MULTI_TENANT FAC.PRJ	200000	200000	100000	500000	ERIE
1608-94	FAYETTE COUNTY BUSINESS SERVICE	195000	0	120900	315900	FAYETTE
1554-94	FOREST COUNTY ECONOMIC DEVELONMENT PROGRAM	25000	0	25000	50000	FOREST
1558-94	CORNERSTONE CARE PROJECT	75000	0	355324	430324	GREENE
1617-94	MOOSIC MOUNTAIN BUSINESS PARK	500000	2000000	1750000	4250000	LACKAWANNA
1682-94	VIEWMONT COMMERCE CENTER ACCESS ROAD	500000	0	1729055	2229055	LACKAWANNA
1553-94	BUHL COMMUNITY WATER SYSTEM	200000	0	748000	948000	MERCER
1693-94	WOODBINE LANE (MAHONING TWNSHP.) ACCESS ROAD	105000	0	105000	210000	MONTOUR
	PA STATE SUBTOTAL 52	21597148	3489947	19969316	45056411	
1463-94	SC IMMUNIZATION PROG.FOR APPALACHIAN CHILDREN	75000	0	481393	556393	
0709-94R	SC APPAL.CNCL.OF GOVTS.(PRJ'S 10528 &10529-93	61000	0	81942	142942	(MULTI)
0709-95	SC APPAL.CNCL.OF GOVTS.(PRJ'S 10528 &10529-93	158000	208488	122163	488651	(MULTI)
7774-94	SC CONSOLIDATED TECHNICAL ASSISTANCE GRANT	26970	0	26970	53940	(MULTI)
9011-94	SC FY 94 DEVELOPMENT HIGHWAY PROGRAM	641000	0	160249	801249	(MULTI)
0034-94	SCACOG REVOLVING LOAN FUND	250000	0	0	250000	(MULTI)
1458-93	LIBRARY TELECOMMUNICATIONS.COMPUTER NETWORK	62000	0	62000	124000	(MULTI)
1569-94	GREENVILLE HOSP.HOME HLTH.TELCOM.PROJ.	154011	0	366332	520343	(MULTI)
1570-94	CARING TOMORROW'S CHLDRN.INFNT.MORT.REDUCTION	40000	0	176938	216938	(MULTI)
1772-94	GRNVL.TECH COLL.CONVNTL.MACHINING EQUIPMENT	125745	0	125745	251490	(MULTI)
1773-94	ENSURING THE FUTURE	100708	0	164053	264761	(MULTI)
1774-94	UPSTATE TECH PREP CONSORTIUM EQUIPMENT	172007	0	172007	344014	(MULTI)

PROJECT NO	PROJECT NAME	ARC FUNDS	BASIC FUNDS	STATE LOCAL	TOTAL ELIG COST	COUNTY
1775-94	HAMILTON CAREER CNTR.COMPUTER TECH.EQUIPMENT	18939	0	18939	37878	(MULTI)
1776-94	HAMILTON CAREER CENTER MASONRY PROG.EQUIPMENT	21945	0	21945	43890	(MULTI)
1779-94	ANDERSON I&II CAREER&TECH.CTR ENVIRONMENTAL	12888	0	12888	25776	(MULTI)
1780-94	ANDERSON I&II CAREER CNTR.WLDNG.METAL WRK.INST	52607	0	52607	105214	(MULTI)
1781-94	SPRTNBRG.TECH.COLL.HTNG.VENTL.AIR CONDT.EQUIP.	50000	0	50000	100000	(MULTI)
1782-94	SPARTANBURG TECH.COLL.COMPUTER OPERATIONS EQUI	21002	0	21002	42004	(MULTI)
1783-94	SPARTANBURG TECH COLLEGE INDUSTRIAL MECHANICS	39100	0	39100	78200	(MULTI)
1784-94	TRI- COUNTY TECHNICAL COLLEGE HVAC LAB UPGRADE	74996	0	74997	149993	(MULTI)
1786-94	GREENVILLE TECH COLLEGE COMPUTER SYS.UPGRADE	54812	0	54813	109625	(MULTI)
1787-94	TRI-CTY.TECH.COLL.OFC.SYS.TCH.CMPTR.LAB.UPGR.	34995	0	34995	69990	(MULTI)
1417-94	GREENVILLE COUNTY INDUSTRIAL SEWER PROJECT	167000	0	753400	920400	GREENVILLE
1785-94	GRNVL.TECH.COLL.COMPUTER& CULINARY LAB.EQUIP.	54096	0	54101	108197	GREENVILLE
1459-93	HAMILTON CAREER CTR.AUTO MECHANICS EQUIP.	30000	0	30000	60000	OCONEE
1467-94	BMW WORKER RECRUITMENT & TRAINING PROG..DUNCAN	177066	0	372094	549160	SPARTANBURG
1759-94	LYMAN WASTEWATER TREATMENT PLANT UPGRADE	250000	0	2686910	2936910	SPARTANBURG
1760-94	NORTH TYGER RIVER INFRASTRUCTURE PROJECT	500000	0	3786795	4286795	SPARTANBURG
1777-94	DANIEL MORGAN VOC.TECH.SCH.AUTO.TECH.EQUIP.	24430	0	24430	48860	SPARTANBURG
1778-94	DAN.MRGN.VOC.TECH.SCH.CMPTR.AIDED DRFTG.EQUIP.	15704	0	15704	31408	SPARTANBURG
1788-94	DANIEL MORGAN VOC.TECH.SCH.BUSINESS EDUCATION	28749	0	28749	57498	SPARTANBURG
1789-94	R.D.ANDERSON APPLIED TECH.CNTR.DIESEL MECHNC.	49570	0	49570	99140	SPARTANBURG
	SC STATE SUBTOTAL 32	3544340	208488	10122831	13875659	
1469H-94	TN TECH.ASST.STRATEGIC PLNG.EZ/EC PROGRAM	10000	0	0	10000	
1469L-94	EAST TN DEVELOPMENT DISTRICT EZ/EC PROGRAM	10000	0	0	10000	
1470-94	ECONOMIC DEVELOPMENT CONFERENCE SUPPORT	6100	0	0	6100	
0710A-95	UPPER CUMBERLAND DEVELOPMENT DISTRICT	91839	0	23782	115621	(MULTI)

PROJECT NO	PROJECT NAME	ARC FUNDS	BASIC FUNDS	STATE LOCAL	TOTAL ELIG COST	COUNTY
0710A-95	UPPER CUMBERLAND DEVELOPMENT DISTRICT	91839	0	91839	183678	(MULTI)
0710B-95	EAST TENNESSEE DEVELOPMENT DISTRICT	91839	0	23782	115621	(MULTI)
0710B-95	EAST TENNESSEE DEVELOPMENT DISTRICT	92714	0	92714	185428	(MULTI)
0710C-95	FIRST TENNESSEE DEVELOPMENT DISTRICT	63525	0	5483	69008	(MULTI)
0710C-95	FIRST TENNESSEE DEVELOPMENT DISTRICT	63525	57000	40175	160700	(MULTI)
0710E-95	SOUTHEAST TENNESSEE DEVELOPMENT DISTRICT	92928	12032	12032	116992	(MULTI)
0710E-95	SOUTHEAST TENNESSEE DEVELOPMENT DISTRICT	92928	46464	46464	185856	(MULTI)
2447-95	SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT	22869	0	1974	24843	(MULTI)
2447-95	SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT	22869	57000	26623	106492	(MULTI)
7783-94	TN CONSOLIDATED TECHNICAL ASSISTANCE GRANT	196600	0	196600	393200	(MULTI)
9007-94	TN FY 94 DEVELOPMENT HIGHWAY PROGRAM	10806000	0	4648049	15454049	(MULTI)
9808-94	TN ADULT LITERACY PROGRAM	500000	0	125000	625000	(MULTI)
1615-94	TN INCUBATOR NETWORK STUDY	11500	25000	11500	48000	(MULTI)
1377-93	CARYVILLE ROYAL BLUE I-75 INTERCHANGE DEVEL.	229000	1087000	329000	1645000	CAMPBELL
1674-94	LAFOLLETTE SEWER SYSTEM EXTENSION	198691	0	369490	568181	CAMPBELL
1700-94	COCKE CTY.MORRISTOWN HIWY.AREA/ARPRT.RD.WTR.	198691	0	344809	543500	COCKE
1125I-92R	FENTRESS COUNTY ADULT LITERACY PROJECT - TN	2803	0	0	2803	FENTRESS
1656-94	GRUNDY COUNTY SOLID WASTE TRANSFER STATION	362400	0	90600	453000	GRUNDY
1383-93	HANCOCK COUNTY INDUSTRAL PARK	312450	520750	208300	1041500	HANCOCK
1478-94	HANCOCK COUNTY DENTAL PROJECT	41250	0	10350	51600	HANCOCK
1650-94	MOUNTAIN CITY SEWER SYSTEM REHABILITATION	500000	0	157500	657500	JOHNSON
1655-94	JOHNSON COUNTY SOLID WASTE PROJECT	500000	0	325430	825430	JOHNSON
1653-94	WARTBURG INFILTRATION/INFLOW IMPROV.PROJECT	500000	129000	158000	787000	MORGAN
1125R-92	POLK CTY.PURCHASE OF COMPUTER,SFTWR.& INSTR.TN	10000	0	0	10000	POLK
1648-94	OCOEE SEWER SYSTEM	600000	380000	58000	1038000	POLK
1699-94	BENTON SEWER LINE EXTENSION	160000	0	40000	200000	POLK

PROJECT NO	PROJECT NAME	ARC FUNDS	BASIC FUNDS	STATE LOCAL	TOTAL ELIG COST	COUNTY
1452-93	WINFIELD INDUSTRIAL INFRASTRUCTURE IMPROV.	556000	0	139000	695000	SCOTT
1500-94	TN.ST.UNIV.NURSERY CROP RESEARCH STATION	490000	0	510000	1000000	WARREN
TN STATE SUBTOTAL	32	16928360	2314246	8086496	27329102	
1349B-94R2	JAMES MADISON UNIV.CASES FOR CHG&IMPROVEMENT	35000	0	0	35000	
1469C-94	VA TECH.ASST.STRATEGIC PLNG.EZ/EC PROGRAM	12000	0	0	12000	
0711A-95	LENOWISCO PLNG.DIST.COMM.(SEE 11251-93)	70500	0	0	70500	(MULTI)
0711A-95	LENOWISCO PLNG.DIST.COMM.(SEE 11251-93)	70500	226083	80250	376833	(MULTI)
0711B-95	CUMBERLAND PLATEAU PLANNING DISTRICT COMM	70500	7798	10797	89095	(MULTI)
0711B-95	CUMBERLAND PLATEAU PLANNING DISTRICT COMM.	70500	35250	35250	141000	(MULTI)
0711C-95	MOUNT ROGERS PLANNING DISTRICT COMMISSION	76000	0	13888	89888	(MULTI)
0711C-95	MOUNT ROGERS PLANNING DISTRICT COMMISSION	76000	0	76000	152000	(MULTI)
0711D-95	NEW RVR.VLY.PLNG.DIST.COMM.(11059-92)	49000	55000	26325	130325	(MULTI)
0711D-95	NEW RVR.VLY.PLNG.DIST.COMM.(11059-92)	49000	57000	36260	142260	(MULTI)
0711E-95	FIFTH PLANNING DISTRICT COMMISSION	47000	0	36341	83341	(MULTI)
0711E-95	FIFTH PLANNING DISTRICT COMMISSION	47000	216887	75317	339204	(MULTI)
0711F-95	CENTRAL SHENANDOAH PLANNING DISTRICT COMM	27000	55000	37334	119334	(MULTI)
0711F-95	CENTRAL SHENANDOAH PLANNING DISTRICT COMM	27000	57000	16862	100862	(MULTI)
7782-94	VIRGINIA'S CONSOLIDATED TECH.ASST.WORK PROGRAM	10000	0	10074	20074	(MULTI)
7782-94R	VIRGINIA'S CONSOLIDATED TECH.ASST.WORK PROGRAM	50000	0	50190	100190	(MULTI)
9008-94	VA FY 94 DEVELOPMENT HIGHWAY PROGRAM	2523000	0	1081286	3604286	(MULTI)
1228-94	CUMBERLAND PLATEAU PLNG.DIST.COMM.(0711B-94R)	15000	0	0	15000	(MULTI)
1403-93	INFRA.DEV.21TH.CEN.,SW.VA EDUC.& TRNG.NTWRK.	370009	0	374310	744319	(MULTI)
1496-94	ISO 9000 TRNG.FOR GRP.OF 10 COMPANIES SWVA	100000	0	101000	201000	(MULTI)
1571-94	SHARED&DISTRIBUTED GEOGRAPHIC INFORMATION SYS.	121600	0	121600	243200	(MULTI)
1572-94	NEW RIVER COMMUNITY COLL.FIBER OPTICS TRNG.PRG	53184	0	53184	106368	(MULTI)

PROJECT NO	PROJECT NAME	ARC FUNDS	BASIC FUNDS	STATE LOCAL	TOTAL ELIG COST	COUNTY
1573-94	IN-REGION MRKT.DEV.APPAL.REGL.RECYCLING CONSRT	19000	0	19000	38000	(MULTI)
1574-94	CUMBERLAND PLATEAU REGL.WASTE MNGMNT.RECYCLING	25000	0	25000	50000	(MULTI)
1575-94	YOUTH ECON.DEVEL.LEADERSHIP PROGRAM	10000	0	14970	24970	(MULTI)
1576-94	ADULT ALTERNATIVES, EDP/GED	10000	0	10000	20000	(MULTI)
1577-94	S.W.VA ADVANCED MNFCTRNG.TECHNOLOGY CENTER	265000	265000	0	530000	(MULTI)
1755-94	ALLEGHANY REGL.CNTR.-CLIFTON FORGE SITE DEVEL.	68000	0	17000	85000	ALLEGANY
1479-94	ROUTE 11, WATER LINE PROJECT	120000	0	280000	400000	BORETOURT
1751-94	BUCHANSHIRE-WHITEWOOD WATER PROJECT	500000	0	1516244	2016244	BUCHANAN
1752-94	HONEY CAMP-DARWIN WATER PROJECT	500000	734500	800000	2034500	DICKENSON
1799-94	DICKENSON CTY.CADASTRAL MAP DIGITIZATION PROJ.	50000	0	50000	100000	DICKENSON
1182-92	GILES CTY.WTR.SUPPLY&DISTRIBUTION PROJECT	500000	1298000	4691700	6489700	GILES
1754-94	NEW RIVER VALLEY AIRPORT TERMINAL BUILDING	110250	0	700115	810365	PULASKI
1125S-92	LONESOME PINE REGL.LIBRARY LITERACY PROG., VA	5000	0	0	5000	SCOTT
1578-94	SCOTT COUNTY NURSING PROGRAM EQUIPMENT	50000	0	50000	100000	SCOTT
1765-94	NICKELSVILLE SEWER PROJECT	500000	1743300	725200	2968500	SCOTT
1125G-92	CONFERENCE FOR ADULT LEARNERS IN S.W., VA	3500	0	0	3500	SMYTH
1767-94	WASHINGTON CTY IND.PARK WATER SUPPLY IMPROV.	500000	0	867100	1367100	WASHINGTON
1661-94	RIVERVIEW SEWER EXTENSION	53440	0	13360	66800	WISE
1764-94	COURTHOUSE EMERGENCY SEWER LINE RECONSTRUCTION	500000	0	579350	1079350	WISE
1660-94	RURAL RETREAT WATER TREATMENT FACILITY	372500	250000	294000	916500	WYTHE
1662-94	FAIRVIEW INDUSTRIAL PARK WATER IMPROVEMENT	500000	0	1249500	1749500	WYTHE
	VA STATE SUBTOTAL 43	8631483	5000818	14138807	27771108	
0962-94	FRESHWATER INST.AQUACULTURE RESEARCH & EDUC.	25000	0	0	25000	
1464-94	HEALTH CARE CONSURTIUM DEVEL.CONFERENCES	5000	0	0	5000	
1469B-94	WV TECH.ASST.STRATEGIC PLNG.EZ/EC PROGRAM	58000	0	16500	74500	

APPALACHIAN REGIONAL COMMISSION
1994 PROJECTS

PROJECT NO	PROJECT NAME	ARC FUNDS	BASIC FUNDS	STATE LOCAL	TOTAL ELIG COST	COUNTY
1475-94	BRIDGE DAY STUDY&SEARCH SPONSOR, OAK HILL, WV	10000	0	0	10000	
1494-94	WV DEPT EDUC.ADULT SKILLS & ACADEMICS PROJECT	50000	0	20000	70000	
1537-94	COMMUNITY COLLEGES OF APPALACHIA	35000	0	0	35000	
1791-94	WV HISTORY FILM PROJECT	100000	0	33050	133050	
2280-95	REGION 10 BEL-O-MAR REGL CNCL & PLNG COMM	40959	55000	31987	127946	(MULTI)
2280-95	REGION 10 BEL-O-MAR REGL CNCL & PLNG COMM	40879	394748	372836	808463	(MULTI)
2281-95	REGION 9 EASTERN PANHANDLE REGIONAL PDC	42323	0	2465	44788	(MULTI)
2281-95	REGION 9 EASTERN PANHANDLE REGIONAL PDC	42314	55000	36223	133537	(MULTI)
2282-95	REG 3 BCKP REGIONAL INTERGOVERNMENTAL COUNCIL	56115	114480	39120	209715	(MULTI)
2282-95	REG 3 BCKP REGIONAL INTERGOVERNMENTAL COUNCIL	55835	328929	105595	490359	(MULTI)
2283-95	REGION 1 PLANNING & DEVELOPMENT COUNCIL	61243	57000	183104	301347	(MULTI)
2283-95	REGION 1 PLANNING & DEVELOPMENT COUNCIL	61126	0	3724	64850	(MULTI)
2284-95	REGION 5 MID-OHIO VALLEY REGIONAL COUNCIL	56513	0	0	56513	(MULTI)
2284-95	REGION 5 MID-OHIO VALLEY REGIONAL COUNCIL	56535	1393427	974908	2424870	(MULTI)
2342-95	REGION 6 PLANNING & DEVELOPMENT COUNCIL	60725	0	242	60967	(MULTI)
2342-95	REGION 6 PLANNING & DEVELOPMENT COUNCIL	60891	57000	39297	157188	(MULTI)
2343-95	REGION 7 PLANNING & DEVELOPMENT COUNCIL	56241	0	0	56241	(MULTI)
2343-95	REGION 7 PLANNING & DEVELOPMENT COUNCIL	56141	55000	221935	333076	(MULTI)
2436-95	REG 11 BROOKE-HANCOCK-JEFFERSON PLANNING COMM	36041	0	113897	149938	(MULTI)
2717-95	REGION 4 PLANNING & DEVELOPMENT COUNCIL	54525	57000	160481	272006	(MULTI)
2717-95	REGION 4 PLANNING & DEVELOPMENT COUNCIL	54587	0	3825	58412	(MULTI)
2730-95	REGION 2 PLANNING & DEVELOPMENT COUNCIL	61387	0	228	61615	(MULTI)
2730-95	REGION 2 PLANNING & DEVELOPMENT COUNCIL	61338	57000	151184	269522	(MULTI)
4415-95	REGION 8 PLANNING & DEVELOPMENT COUNCIL	45669	13750	12171	71590	(MULTI)
4415-95	REGION 8 PLANNING & DEVELOPMENT COUNCIL	45242	22621	22621	90484	(MULTI)
7762-94	WV CONSOLIDATED TECHNICAL ASSISTANT GRANT	250000	0	250000	500000	(MULTI)

APPALACHIAN REGIONAL COMMISSION
1994 PROJECTS

PROJECT NO	PROJECT NAME	ARC FUNDS	BASIC FUNDS	STATE LOCAL	TOTAL ELIG COST	COUNTY
9009-94	WV FY 94 DEVELOPMENT HIGHWAY PROGRAM	9373543	0	2659243	12032786	(MULTI)
1263-94	WV UNIV.EXT.SERV.WV REAL ENTERPRISE(10947N-92)	50000	0	53391	103391	(MULTI)
1492-94	WV COOP.TOUR.MRKTNG.PROG.ATRCT.GRMN.TRVLRS.	25000	0	28550	53550	(MULTI)
1511-94	SCIENCE CENTER OF WEST VIRGINIA	150000	0	37500	187500	(MULTI)
1529-94	FRESHWATER INSTITUTE AQUACULTURE IN W.V.	30000	20000	96000	146000	(MULTI)
1538-94	CABIN CREEK QUILTS HOME BASED TRAINING PROJECT	76300	0	19075	95375	(MULTI)
1355-93	EASTERN REGIONAL AIRPORT INDUSTRIAL PARK	750000	2000000	1400000	4150000	BERKELEY
1666-94	GRANTSVILLE WATER TREATMENT PLANT	600000	484000	300000	1384000	CALHOUN
1490-94	QUEEN SHOALS WATER IMPROVEMENTS	124000	0	46000	170000	CLAY
1697-94	TOWN OF CLAY SEWAGE PROJECT	750000	894000	556500	2200500	CLAY
1488-94	DEEPWATER PSD SEWER IMPROVEMENTS	624368	892480	379212	1896060	FAYETTE
1351-93	HARDY COUNTY DAY CARE CENTER	558560	0	139640	698200	HARDY
1489-94	DRAFT RUN & MCGRAW RUN WATER EXTENSION	220000	125000	125000	470000	JACKSON
1518-94	KCS ENHANCING MNFCTRNG.COMPETITIVENESS-APPAL.	200000	0	0	200000	KANAWHA
1493-94	WVHTC INNOVATION/INCUBATOR CENTER	625000	1750000	665000	3040000	MARION
1612-94	MINGO COUNTY AIRPORT WATER EXTENSION	200000	0	50000	250000	MINGO
1698-94	BIRCH RIVER PSD WATER PROJECT	750000	948400	424600	2123000	NICHOLAS
1582-94	CITY OF BELMONT WATER SYSTEM IMPROVEMENTS	485500	0	485500	971000	PLEASANTS
1219-94	NORTH FORK OF HUGHES RIVER DAM - PHASE I, WV	3120000	0	0	3120000	RITCHIE
1219-94R	NORTH FORK OF HUGHES RIVER DAM - PHASE I, WV	5000000	0	0	5000000	RITCHIE
1611-94	SUMMERS COUNTY WATER PROJECT	990318	0	247579	1237897	SUMMERS
1491-94	KNOTTSVILLE WATER EXTENSION	750000	240000	315000	1305000	TAYLOR
1528-94	WEBSTER COUNTY LANDFILL IMPROVEMENTS	750000	0	192787	942787	WEBSTER
1667-94	PARKERSBURG WATER & SEWER EXTENSION	405400	0	487900	893300	WOOD
1639-94	KOPPERSTON PSD WATER PROJECT	400000	1300000	570000	2270000	WYOMING

PROJECT NO	PROJECT NAME	ARC FUNDS	BASIC FUNDS	STATE LOCAL	TOTAL ELIG COST	COUNTY
WV STATE SUBTOTAL	54	28647618	11314835	12073870	52036323	
1994 TOTAL	545	219565270	42395633	164563709	426524612	

Mr. Myers: Your general message seems to be that ARC has made great progress in addressing the special needs of Appalachia but that much more needs to be done. How much more? Is the Commission in a better position than it has been in previous years to discuss the orderly downsizing and eventual termination of the agency, or is the ARC forever?

ARC Response: The Federal Co-Chairman does look forward to the day when he can say that ARC's mission has been completed -- that the Commission has created self-sustaining thriving economies throughout our Region which no longer need ARC assistance. Unfortunately, we are not yet at that point. As discussed in responses above, only 33 our 399 counties can be considered competitive -- 115 counties in the Region are severely distressed. The Appalachian Development Highway System, which is crucial for further development of the most isolated parts of the region, is 70% complete. The Appalachian Region was neglected for four generations. It is impossible to state with certainty when our mission will be completed, but the problems of four generations of neglect cannot all be overcome in the space of one generation.

Development comes in stages. The groundwork has been laid for future development in a number of key areas. The high school graduation rate in the Region now exceeds that of the nation; the Appalachian highway system is approaching completion; and branch plants of our nation's major corporations today provide thousands of manufacturing jobs in the Region. The challenge facing Appalachia today is development and diversification of the Region's economic base. Appalachian high school graduates often face few educational or training opportunities for a limited range of employment possibilities from an few major employers in their communities. Therefore, the best and the brightest young Appalachians are forced to leave those parts of the Region that need them the most to help build more entrepreneurial based, diversified economies.

Economic development is a long and unpredictable process. Nevertheless, it is possible to determine benchmarks in achieving basic development goals. Independent research on the impact of ARC programs confirms that since 1969 Appalachian counties served by ARC programs have grown significantly faster than similar counties outside the Region. Between 1969 and 1991 Appalachian counties averaged 48 percent more growth in income, 5 percent more growth in population, and 17 percent in per capita income. In the short run, it is part of the ARC's operation to evaluate programs to determine their success in achieving identifiable objectives.

ARC has already been substantially downsized. The Commission staff totals 50 (for which 50% of the costs are paid by the 13 member states) and 11 in the Office of the Federal Co-Chairman. This is less than half the 130 employed in 1980. We feel the current staff level is the minimum that can manage our current and proposed workload for FY 1996. Future plans do call for a reduction of 1 FTE in the Federal Office in 1999 -- a ten percent reduction of our Federal staff. Our administrative costs are extremely low -- less than 3% of budget estimated for FY 1996.

The emphasis on our three strategic regional initiatives and our strategic planning process are expected to substantially accelerate ARC's effectiveness and progress in completing its mission.

Mr. Myers: Last month the Commission approved three new regionwide initiatives related to: gaining access to the global economy; developing telecommunications networks; and building "civic infrastructure". These initiatives suggest that ARC is evolving to adapt to a changing world. It also creates the impression that the Commission will continually seek out new missions in order to perpetuate its existence. Is this an accurate impression?

ARC Response: These three initiatives represent the priorities of the Federal Co-Chairman and the Commission as the most essential areas for which additional emphasis is required in order to develop self-sustaining, vibrant, entrepreneurial economies in the Region in the new global economy. All three of these initiatives preserve our model of encouraging the states to adapt our programs to their individual needs, while maintaining the regional focus that yields a solid foundation for sustained economic growth. Rather than perpetuating our existence, it is anticipated that these initiatives will allow our communities to be self-sufficient much sooner. The sooner we can wean our communities from their old habits of "smokestack chasing," the better off they will be. The Federal Co-Chairman plans to pursue these initiatives for the foreseeable future.

Some additional background on these three initiatives helps explain why they are crucial to further development of the region. The *internationalization initiative* focuses on opportunities to increase exporting in light of recent developments in trade agreements (GATT and NAFTA). With every $1 billion in exports creating about 15,000 jobs, one of best ways to create jobs in Appalachia is to encourage the region's small and medium sized companies to enter the foreign trade market. This initiative focuses on five key areas: data development, financing, technical assistance, training , and marketing. *Telecommunications infrastructure* is critical because it cuts across all areas of development and can link rural areas to world markets. Through a regional initiative, the states can individually achieve common levels of service and network development that will ensure the region's future role in the information infrastructure highway. This initiative is designed around three program elements: education and training, planning and technical assistance, and coordination and advocacy. The *leadership and civic development initiative* will attempt to build the capacity of communities to work together to solve local problems. This initiative will provide resources to develop the local leadership and community institutions that are the building blocks of community development. In addition to Commission support for these initiatives, the Appalachian States are encouraged to use portions of their Area Development allocations in these areas.

Mr. Myers: Please detail for the record costs that would be associated with termination of the agency at the beginning of fiscal year 1996.

ARC Response: We have developed a preliminary estimate of the costs associated with ARC termination. Our estimate is $14.3 million. This includes personnel related costs of $8.6 million for accrued annual leave, severance pay, unemployment compensation, termination liability of the ARC pension plan, employee outplacement and retraining, and continuation of health benefits for separated Commission staff; $5 million for continuing administration and wrap-up costs for approximately 3,000 grants and contracts in effect at the end of FY 1995 ($1 million per year for 5 years); a return of $500 thousand to the states as a result of termination of the trust fund to which they contributed; $100 thousand for canceling leases and property disposal; and $100 thousand for unforeseen contingencies.

It should also be noted that seven Appalachian States have pre-financed construction of portions of the Appalachian Development Highway System in their states, in order to accelerate completion of the system. As of the end of FY 1994, the total amount was $212.6 million. Under our statute, they can be reimbursed for their costs (at the rate of 70%) from current and future highway allocations from ARC appropriations. If ARC is terminated, the states would unexpectedly lose the opportunity to be reimbursed. There is no federal obligation to repay the states for their pre-financing costs. However, the states likely assume that the federal government has a moral obligation to reimburse them in the event that ARC is terminated before completing the highway system, since the states fully expected to be reimbursed from future appropriations. Not refunding the balances would place a significant unanticipated financial burden on the states.

Mr. Myers: Please describe any loan programs operated or supported with funds appropriated to the Appalachian Regional Commission.

ARC Response: The Commission does not operate loan programs, but does provide grants to revolving loan funds (RLFs) which are operated by states and local governments in the Region. Local lenders and the states make the determination of whether and to what extent ARC funds should be used to supplement existing private and public sources of business capital. These programs do not replace private financial institutions -- but make loans that banks will not make. The average default rate is only 3%. ARC has procedures in place for removing ARC funds from any RLF program that does not generate sufficient demand. Detail of the grants for these programs are shown on the attached sheet.

REVOLVING LOAN FUND DATA

March 2, 1995

Number of Grantees - 25

Number of States having RLF Grantees - 9

Georgia - 1
Kentucky - 2
Maryland - 1
Mississippi - 3
North Carolina - 2
New York - 3
Ohio - 3
Pennsylvania - 9
South Carolina - 1

Two Grantee's are currently liquidating their RLF Grants.

First Grant made in 1977 to the County of Chautauqua Industrial Development Agency in New York

Last Grant made to a new Grantee - December 1994

Amount of RLF Grants (as of Mar 1995) - **$16.4M**
- Largest Grantee - Georgia Department of Community Affairs, Atlanta Georgia ($1,641,149)
- Average Grant Size - $711,141
- Grantee with Largest Lending Capacity - Broome County Industrial Development Agency, Johnson City, New York ($1,938,019)

Amount Loaned since 1978 - **$38.8M**
- Number of Loans Made - **754**
- Average Size of Loans made by Grantees - $51,506 (loans normally do not exceed $100,000 each)
- Active loans as of Mar 1995 - 396

Program Income Generated as a result of Loans - **$7.9M**
- Program Income used to expand the ability to make Loans - $5.7M
- Program Income set aside to match EDA RLF Grants - $180,000
- Program Income used for RLF Administration - $2.0M

Estimated Funds Leveraged into Appalachia by ARC RLF Grants - **$293.8M**

Estimated dollars leveraged per dollar of ARC loans - **7.56/1.00**

Loans reported to us as written off since 1978 - 64
Dollars written off - $1.6M
Dollars written off as a percentage of dollars loaned - 4.02%

Mr. Myers: One particular ARC-supported project -- construction of a stadium at Wofford College in Spartanburg, South Carolina -- has been the subject of some recent media scrutiny. Apparently, the stadium will be used as the summer training camp of the Carolina Panthers professional football team. How much money is ARC providing for this project? Is the project located in a severely distressed county? Can the Commission credibly state that the project would not proceed but for the infusion of federal taxpayer money?

ARC Response: ARC is providing $750,000, or 35% of the project cost for basic infrastructure improvements for an 8,000 seat stadium for Wofford College in Spartanburg, S.C. The total cost of the stadium is $2.1 million. The stadium is part of a large-scale athletic project which also includes an athletic/fitness building financed with private funds and several large grassed parking lots to complement the stadium. The total cost of all improvements is about $7 million. The federal share of the entire project cost (including $500,000 from EDA) is only 17%. The stadium will be used by the college, Spartanburg High School and the surrounding community, as well as for a summer training camp for the Carolina Panthers. The Panthers will lease the stadium at market rates while training there -- they receive no subsidy from this project. The Panther's long-term financial commitment to Wofford College helped make this project viable.

Although Spartanburg County is not a distressed county, the area where the stadium will be built is in an economically distressed, blighted and deteriorated inner city part of Spartanburg, S.C. The unemployment rate in the area is 11.4%, and the poverty rate ranges from 33.8% to 40.3%. The population is 54% minority. The area experienced a population decline of 6.6% from 1988 to 1993. This is clearly a severely distressed area by any measure, and is precisely the kind of area ARC funds are designed to assist.

This project will help revitalize this area by creating 125 non-supervisory jobs during construction, of which at least 100 will be from the local labor pool, based on the college's labor recruitment strategy. The facility is expected to employ 12 persons on a permanent basis, with 93 additional jobs created in the hotel, restaurant, and retail fields as a result of visitors to the facility. The summer training camp is expected to bring 600-800 tourists daily to the facility for a six-week period each summer. Based on the experience of similar facilities elsewhere, this will provide a minimum $1.44 million direct infusion into the local economy with an indirect impact of an additional $5.7 million in the community. This project is a key component of the state's economic development plan, and was a high priority of former Governor Campbell, who noted that it "will reinvigorate the Spartanburg area which has become an island of economic stagnation."

Under our code and statute, we require the grantee and/or the appropriate local governmental unit to show that they are unable to provide the financial resources required to support the project. In this case, Spartanburg County provided assurances to ARC that they could provide no further financial support to Wofford College for the project. We think an equally important question is -- is the federal tax payer expected to receive a good return on the federal investment? To this we can answer an unequivocal "yes". The $1.25 million total federal investment translates to 125 jobs during construction, 12 permanent jobs, 93 jobs as a result of visitors to the area, an infusion of over $7 million annually to the community, a reduction in the welfare and unemployment compensation payments, an increase in state and local and federal tax revenues, and a revitalized urban economy.

Answers to Questions from Mr. Rogers

Mr. Rogers: What has ARC accomplished in the last 30 years, and what still remains to be done?

ARC Response: ARC has had major successes in many areas. The Appalachian Development Highway System, although only 70% completed, has reduced much of the historic isolation of the area and spurred economic development in much of the region. Numerous studies have found a close relationship between highway completion and job and income growth. Other major accomplishments include the following:

> **Water and Sewer Systems** -- ARC funding brought the first sewer lines and clean drinking water to 700,000 residents of distressed Appalachian counties. About 2,000 new water and/or sewer systems have provided the infrastructure needed for job creation. As a result of these projects, thousand of jobs have been created or retained.
>
> **Small Business Assistance** -- As of December 31, 1994, ARC grants to revolving loan funds in nine states totaled $16.5 million, thereby assisting 738 small businesses -- the source of some 8,000 new jobs in Appalachia.
>
> **Access to Health Care** -- A network of more than 400 primary health care clinics and hospitals has been completed with ARC funding and now serves some 4 million Appalachians a year. More than 500 new physicians have opened practices in Appalachia just since 1980. Infant mortality has dropped from 26.5 infant deaths per 1,000 live births in 1960 to 8.5 in 1992.
>
> **Educational Advancement** -- ARC has helped construct and/or equip more than 700 vocational and technical education facilities serving more than 500,000 students a year. In 1965 only 32 percent of Appalachians over age 25 had finished high school. Today, that figure has risen to 68.4 percent. Among young adults age 18-24, 77 percent of Appalachians have completed 12 or more years of school, compared with the national average of 76 percent.

Perhaps the most striking data is the aggregate effect of ARC's investment on overall economic growth. A study funded by the National Science Foundation and published by West Virginia University last year showed unambiguously that the ARC program has worked. Using a rigorous statistical methodology, the study identified "twin" counties (counties with similar demographic and economic profiles) outside of Appalachia for all of the ARC counties and followed their progress from 1969 to 1991. The counties benefitting from the ARC investment grew 48 percent faster in personal income and earnings, 5 percent faster in population, and 17 percent faster in personal income.

Although ARC has had major successes as detailed above, there is a great need for further assistance in most of the Region for the reasons discussed below:

(a) Many parts of the Region lag the rest of the nation in terms of most statistical measures. Appalachia has 115 severely distressed counties in which statistical indices fall far below those for the US: 1990 poverty rate of 27% vs. 13.1% for US; 3-yr 1990-92 unemployment rate of 11% vs. 6.5% for US; and Per Capita Market Income of $8,742 vs. $16, 026 for US.

(b) Appalachia does not receive its fair share of federal assistance. Even with ARC targeted assistance and the additional federal support that it leverages, Appalachian counties still receive about 8% less in direct federal expenditures on a per capita basis than do their counterparts in the rest of the US.

(c) The Appalachian Development Highway System is only 70% complete. We have completed most of the easy segments, but those that are not yet done are vital to linking the entire region to international commerce. The portions of the system which has been completed have played a critical role in the development which Appalachia has had so far. We feel we must keep our promise to the people of Appalachia that was made in our authorizing legislation -- to bring Appalachia into the mainstream of the U.S. economy.

Helping Appalachia is good for business -- Appalachia can be a contributor rather than a drain on the national economy. Building a vibrant entrepreneurial economy in Appalachia eliminates reliance on federal support, increases tax revenues, and expands domestic demand for goods and services. Currently over one half of the counties in the ARC region receive federal transfer payments in excess of the national average on a per capita basis. It is the Commission's goal to help Appalachian communities develop economically and socially so that their citizens can break out of this state of dependency.

Helping Appalachia reduces outmigration from the Region. Outmigration does not automatically guarantee economic betterment for migrants nor from a national perspective does it solve the problems associated with the legacy of underdevelopment in the Region. Outmigration also wastes economic resources. For many Appalachians leaving is often not an option because they do not have the skills, money, or other resources to move. For many Appalachians who do relocate, the fact that they tend to have lower skill levels and educational backgrounds than what is required to compete in today's increasingly technologically oriented economy means that Appalachian problems are transferred to other parts of the nation.

Completion of the highway system and developing vibrant entrepreneurial economies throughout the Region are crucial to the completion of ARC's mission.

Mr. Rogers: I notice that the FY 1996 budget request attempts a greater balance between highways and physical development and business and human development. Would you explain the thinking behind this?

ARC Response: The Administration has chosen to balance highway development with business and human development. Given where we are concerning highways, we now need to stress those factors that lead to human development, support competitiveness of key Appalachian industries, and develop Appalachian communities. The highways are more than two-thirds completed. ISTEA is providing funding for completion, so the need for ARC funds is reduced. A recent study conducted by a professor at the University of North Carolina found a strong correlation between income growth and the presence of improved highways between 1965 and 1990 in Southern and Northern Appalachia. Central Appalachia had a much weaker correlation between income growth and improved highways. This highlights the need for other related investments in the poorest areas.

Mr. Rogers: One of ARC's biggest criticisms is that it is duplicative of other federal programs, and I can see where that might be misunderstood. Could you please explain why ARC is not duplicative?

ARC Response: ARC funds are used to leverage other federal funds. ARC funds are designed to be supplemental, not duplicative, of other Federal funds. The Congress in 1965 and in subsequent authorizations saw the ARC as a vehicle for expanding the federal share of grants-in-aid to poor communities which could not meet the normal matching requirement. ARC funds are typically the "glue money" that pulls together private, local, State and other Federal funds, and provides technical assistance for small local communities. ARC works closely with numerous Federal agencies who administer our funds in combination with their funds, and State, local and private funds. All projects are proposed by the Governors under our partnership.

No other governmental entity addresses itself solely to the full panoply of development issues and problems facing Appalachia. More and more we have come to realize that economic development requires initiatives on a number of fronts such as education, training, infrastructure, capital financing, entrepreneurial development etc. The ARC is the only institution that is designed to address the whole host of development issues as prioritized by the Appalachian states. Our mandate places at the disposal of the local community an unprecedented range of options which allows governors and local officials to tailor the federal assistance to their individual needs -- a community is not required to painstakingly massage its project to make it fit the predetermined contours of some rigidly prescribed "one size fits all" categorical program.

The ARC, unlike any other federal or state agency, takes a truly regional approach to solving a region's development problems. ARC provides the institutional means to coordinate various federal programs so that they achieve a regional focus such as the Appalachian highway system.

No other federal agency puts its trust in nonfederal officials such as governors and local representation. The partnership structure of the ARC that allows the states to prioritize and leverage federal funds enables them to address Appalachian development problems in a highly efficient manner. Conversely, the partnership relationship also ensures that a proper degree of accountability is preserved over the expenditure of federal tax dollars. The Commission institutionalizes this joint decision making process, and no other federal entity has this type of working relationship with the states. Abolishing this shared decision-making structure by consolidating ARC funding into another federal agency and would greatly diminish state and localities' ability to attack critical problems facing Appalachian communities.

ARC achieves the efficiencies that the National Performance Review and other efforts to reinvent government seek to foster, and therefore it is a model to emulate not to eliminate.

(a) ARC minimizes duplication of programs through a coordinated regional approach to economic development concerns.

(b) The ARC allocation process provides incentives for states to leverage funds. Since 1965 ARC program activities ($6.0 billion) have leveraged nearly $7.9 billion in federal, state and local funds for development activities in Appalachia.

(c) ARC administrative costs are extremely low. The FY 1996 estimated administrative expenses are around three percent of total program expenditures.

Mr. Rogers: One of the reasons the region needs an effective highway system is that it was ignored in the 60s when the highways were being built. I am concerned that a similar problem could emerge vis-a-vis the information superhighway -- which is something the Speaker feels quite strongly about. What is ARC doing to ensure that Appalachia is connected to the information superhighway?

ARC Response: ARC certainly shares your concern. We want to avoid the same problem with the information superhighway which occurred with highways. For this reason, the Commission is emphasizing three complementary strategic regional initiatives which are crucial to development of the region: (1) telecommunications; (2) internationalization of the economy; and, (3) leadership and civic development. The telecommunications initiative is critical because it cuts across all areas of development and can link rural areas to world markets. Through a regional initiative, the states can individually achieve common levels of service and network development that will insure the region's future role in the information infrastructure highway. This initiative is designed around three program elements: education and training, planning and technical assistance, and coordination and advocacy.

The Commission funded eight telecommunication strategic planning efforts in FY 1992 that benefited eight regions within Appalachia. Four more strategic planning efforts were funded in FY 1994. The eight planning efforts that have been completed are currently in the implementation stage of network development. The projects that are being currently developed within the region are multiple sector beneficiary based. The projects will primarily be immediately connected into one or more of the existing state-wide telecommunication networks, the INTERNET, specialized educational and health networks, private networks, and international networks. Through the educational processes that are a part of the strategic planning efforts, the region's citizens are becoming aware of new "applications" for telecommunication technologies, and preparing themselves with regional telecommunication networks that will be able to be connected to the information superhighway. Specialized telecommunication demonstration projects are underway that are examining the possibilities of connecting small manufacturing firms to international markets, and the promotion of technology innovation and business linkages through the use of telecommunications technologies.

These initiatives are critical to our mission of building vibrant entrepreneurial communities and enterprising people.

Mr. Rogers: One option being mentioned is providing block grants to the states instead of continuing the current ARC structure. Would block grants be as effective as what ARC is doing now?

ARC Response: No, it would not be as effective. Replacing ARC with block grants would be both unnecessary and counter-productive. ARC was created to provide special assistance to a region marked by problems of persistent and widespread economic distress. It employs **regional solutions** to problems that cross state lines. Consolidating ARC into a general economic development block grant to the states could eliminate the special focus on economic development needs of Appalachia. In most ARC states, the bulk of the state's population lives outside of the ARC region, which would create enormous political pressure on governors to allocate block grants to non-ARC areas. This would again result in Appalachia being neglected. In addition, block grants would eliminate the regional approach that has served Appalachia so effectively.

ARC is the only existing federal program where the governors have an equal voice with the federal government. No policy can be implemented nor any funds spent until the Federal Co-Chairman and the governors agree. This represents neither the dictation of policy from Washington to the states, nor the abdication of federal decisionmaking to the states. Rather, it is a true collaboration. In this sense, it is superior to block grants. In addition, ARC employs a "bottoms up" approach, with projects originating at the local level, through the 69 local development districts.

ARC already provides great flexibility to local governments and states in meeting their economic development needs. ARC programs encompass local infrastructure (water and sewer systems and industrial parks), education and job training, telecommunications, health care, business finance, and leadership development. Its programs are designed to supplement the activities of a variety of other federal agencies and departments. Shifting these funds to a block grant would inevitably mean less flexibility, as the projects funded

through such a block grant would be limited to the kinds of activities generally funded by the federal department through which the grant was delivered.

Over its 30-year history, ARC's administrative costs, of which 50% of costs for the Commission staff are paid for by the states, have averaged less than 3% of its annual appropriation. This reflects ARC's heavy reliance on local agencies and state governments to establish funding priorities. It likewise is a function of the fact that ARC operates with a maximum of flexibility and a minimum of red tape and bureaucratic regulations. It is highly unlikely that any successful block grant program would operate with lower administrative costs.

Mr. Rogers: The 13 Governors of the Appalachian states -- now numbering 9 Republicans and 4 Democrats -- including Governor Voinovich (Ohio), Governor Allen (VA) and the new Governor of Pennsylvania, our former colleague Mr Ridge, are not famous for liberal thought, yet they all support ARC do they not? Do you think they would support a block grant approach?

ARC Response: Yes, all the Governors in the region support the continuation of ARC. This is because they know their states have greatly benefited from ARC investment and they appreciate how our unique federal-state partnership, which maximizes their flexibility in selecting projects, has empowered local leaders, has a minimum of red tape, yet ensures that regional economic development concerns are met. Quite simply, they all support continuation of the program because they know that it works extremely well. They also say that other federal programs and regions of the country could benefit from using our model.

Although we have not polled the Governors to see if they would support a block grant approach, we can say with certainty that they all strongly support the ARC approach as the best model of how a government program should work. They appreciate the significant advantages of the partnership in solving regional economic development problems. This is evident from the excerpts from the Governors' statements about ARC which follow:

Governor Jones, KY

"...my fellow Governors and I believe it is crucial for this program to continue...And...I believe we ought to look beyond the mission of the ARC to explore whether the way we operate, the concept of the Federal-State partnership, may be a way to operate other government programs."

Governor James, AL

"The Appalachian Regional Commission program has been very instrumental in the development of Alabama's Appalachian region...It is one of the few programs that is responsive to local and state needs. We not only request that this program be retained, but hope that other programs will be modeled after this one."

Governor Miller, GA

"...ARC is a true federal-state partnership, perhaps more than any other federal program...a flexible program that can respond to the critical needs of each Appalachian state, with short- and long-term job creation being the most significant criteria."

Governor Fordice, MS

"...I am not a proponent of federal big-spending programs...However, the Appalachian Regional Commission is different...if one were to use one federal agency as a model for reorganizing other federal agencies, I would strongly suggest the Appalachian Regional Commission as worthy of imitation."

Governor Pataki, NY

"...the Appalachian Regional Commission...is vital to the economic progress and human resource development of the 14 counties in the Appalachian region of New York State...This program should be a model for all other Federal-related grant efforts...I urge the Congress to enact the legislation necessary for this region to continue its progress."

Governor Hunt, NC

"You can ride through our state's ARC counties and see the legacy our predecessors in this partnership have provided for the people of western North Carolina, but what you do not see is the way our partnership with local leaders has empowered this region. In our Appalachian area, communities work together as in no other part of our state...We need this partnership if our Appalachian region is to attain and maintain a competitive position in the global economy."

Governor Voinovich, OH

"...I strongly support continued federal funding of the ARC. The program offers extreme flexibility for states to target their funds on projects and activities which best meet the needs and priorities of their communities...ARC (is) a model for the provision of economic and community development services to communities...The ARC has been an investment in the people of Ohio Appalachia that has proven to be successful and should be continued to help foster a better economic and social climate for this region.

Governor Ridge, PA

"...the governing structure of the Appalachian Regional Commission...serves as a significant model for how the national and state governments can work together in the administration of federal funding programs.

Governor Beasley, SC

"...to my knowledge, there is no other federal program driven by local community needs which allows the state and the federal government to have an equal say in the future of local development. This type of program is a model of the kind of federalism Congress has been pursuing...."

Governor Sundquist, TN

"I...support...the continuation of the Appalachian Regional Commission...I have come to appreciate the strengths of the ARC program which focus on building the capacity for future growth while providing a meaningful role for states in determining the goals, objectives, and implementing regulations...ARC should be maintained, and...the ARC process should be evaluated as a method of administering other federal programs. I believe ARC represents an appropriate balance of federal and state interests while maintaining the federal accountability that is required."

Governor Allen, VA

"...I would like to commend the Appalachian Regional Commission (ARC) as a model of an effective working relationship between the federal government and the thirteen states that comprise its membership. It is a program that operates with a minimum of red tape and bureaucracy and a maximum of local and state flexibility...I hope you will reflect favorably on this unique federal-state partnership and the benefits it is providing in one of our country's poorest regions."

Governor Caperton, WV

"...I am deeply aware of the value of the ARC's unique fiscal partnership with local, state, and federal participation. It is exactly this partnership that has allowed the Commission to construct a program of great flexibility, permitting each state to address its own needs and goals, while developing strong inter-regional cooperation."

Mr. Rogers: Some of the opponents of ARC have highlighted a recent article about an ARC grant for construction of a stadium in South Carolina. Will you please summarize the project and why ARC felt it was necessary to participate? Do you have the letter from then Governor Campbell (a Republican) which outlines his feelings on the project? Can we enter that in the record, Mr. Chairman?

ARC Response: ARC is providing $750,000, or 35% of the project cost for basic infrastructure improvements for an 8,000 seat stadium for Wofford College in Spartanburg, S.C. The total cost of the stadium is $2.1 million. The stadium is part of a large-scale athletic project which also includes an athletic/fitness building financed with private funds and several large grassed parking lots to complement the stadium. The total cost of all improvements is about $7 million. The federal share of the entire project cost (including $500,000 from EDA) is only 17%. The stadium will be used by the college, Spartanburg High School and the surrounding community, as well as for a summer training camp for the Carolina Panthers. The Panthers will lease the stadium at market rates while training there -- they receive no subsidy from this project. The Panther's long-term financial commitment to Wofford College helped make this project viable.

Although Spartanburg County is not a distressed county, the area where the stadium will be built is in an economically distressed, blighted and deteriorated inner city part of Spartanburg, S.C. The unemployment rate in the area is 11.4%, and the poverty rate ranges from 33.8% to 40.3%. The population is 54% minority. The area experienced a population decline of 6.6% from 1988 to 1993. This is clearly a severely distressed area by any measure, and is precisely the kind of area ARC funds are designed to assist.

This project will help revitalize this area by creating 125 non-supervisory jobs during construction, of which at least 100 will be from the local labor pool, based on the college's labor recruitment strategy. The facility is expected to employ 12 persons on a permanent basis, with 93 additional jobs created in the hotel, restaurant, and retail fields as a result of visitors to the facility. The summer training camp is expected to bring 600-800 tourists daily to the facility for a six-week period each summer. Based on the experience of similar facilities elsewhere, this will provide a minimum $1.44 million direct infusion into the local economy with an indirect impact of an additional $5.7 million in the community. This project is a key component of the state's economic development plan, and was a high priority of former Governor Campbell, who noted that it "will reinvigorate the Spartanburg area which has become an island of economic stagnation."

ARC thought it was necessary to participate in this project because it would provide badly-needed economic benefits to a severely distressed area, it met all the requirements of our statute and code, and it was a high priority of the Governor. We believe that federal taxpayers will receive an excellent return on the federal investment. The $1.25 million total federal investment translates to 125 jobs during construction, 12 permanent jobs, 93 jobs as a result of visitors to the area, an infusion of over $7 million annually to the community, a reduction in the welfare and unemployment compensation payments, an increase in state and local and federal tax revenues, and a revitalized urban economy.

We are pleased to enter the letter from former Governor Campbell for the record.

American Council of Life Insurance

Carroll A. Campbell, Jr.
President & Chief Executive Officer

February 16, 1995

The Honorable Robert Livingston
Chairman, House Appropriations Committee
U. S. House of Representatives
H-218 The Capitol
Washington, D.C. 20515

Dear Bob:

Within the past few days, articles in several newspapers have critically described a South Carolina project in which the Appalachian Regional Commission is participating. I believe the tone of these articles is unfortunate and unfair, and I want to share with you some of the details.

The project in question is construction of a stadium at Wofford College in Spartanburg, South Carolina, which was spearheaded by the City of Spartanburg. The stadium is part of a $7 million project which will be for the primary benefit of Wofford College, Spartanburg High School and the surrounding community. As evidence of the importance of this project, the private sector is providing nearly $6 million of the funding.

This project was a high priority for me when I was governor because, when the overall effort is completed, it will reinvigorate the Spartanburg area which has become an island of economic stagnation. In an otherwise growing region, this area experienced a negative growth rate of minus 6.6% from 1988 to 1993, and it currently has an unemployment rate of 11.4%. This project will have a direct impact on the local economy of nearly $1-1/2 million, and will generate an additional impact of $5.7 million in the community. The project will create 125 jobs during construction and a minimum of 105 permanent private sector jobs.

1001 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20004-2599
202/624-2300 • FACSIMILE 202/624-2319
TDC 202/624-2048

Newspaper accounts have made much of the fact that the facility will serve as the Carolina Panthers' summer training camp. But this factor helps make the project feasible in terms of long-term maintenance of the facilities and it will further enhance the economic impact of the project. Not only will the Panthers pay rent for the facility, but this activity is expected to bring between 600-800 tourists daily to the facility over a six-week period. However, it is important to note that the facility will also be used by Wofford College, Spartanburg High School and the surrounding community.

I have long been a supporter of the Appalachian Regional Commission way of doing things because it is a true partnership between the federal government and the 13 Appalachian states. Within the context of the overall federal mission of promoting economic growth and development in Appalachia, it enables the governors -- and not bureaucrats in Washington, D.C. -- to determine how best to address needs within their states. In many ways, it is a model of the kind of federalism Congress is currently pursuing and this project is consistent with its mission.

I hope this information is helpful. Please feel free to call if I can provide additional assistance.

Sincerely,

Carroll A. Campbell, Jr.

cc: Representative John Myers

nlp

Mr. Rogers: One of the reasons ARC is necessary is that the needs in the region are unique. Can you expand on the unique problems of poverty in Appalachia and what ARC is doing to combat them?

ARC Response: Appalachia has been described as "a region apart." When ARC was formed in 1965, the scope, complexity and pervasiveness of the problems facing Appalachia made it clear that no existing organization, process, or program could solve them. The region was characterized by acute poverty, lack of physical infrastructure, and a very limited economic base. This was due largely to its isolation. The nation's highway system had largely bypassed its mountainous terrain because of the extremely high road building costs. Thus, what evolved in Appalachia was a system of narrow, winding roads following stream valleys and troughs between mountains. This discouraged commerce and industrial development.

Appalachia is unique because of the geographic concentration (it is not scattered pockets of poverty) and because its problems are caused largely by isolation . Early ARC programs therefore concentrated on highway and physical infrastructure development. The Appalachian Development Highway System is now 70% complete. The impact of the system on the region are considerable: industries and businesses have grown along the highways; enterprises not directly along the highways were strengthened by the dramatic opening up of the region by the highway system; the system is a vital link in moving Appalachian coal and other products to domestic and foreign markets; and the costs and difficulty of extending health, education and other services in the Region have been reduced by the highways. Completion of the remaining segments is crucial to development of the most isolated portions of the region.

We have found that the highway system is a necessary but not sufficient condition for self-sustaining economic development of Appalachian communities. We are attempting to equip Appalachian communities with the entrepreneurial skills and enterprising resources they need to create self-sustaining local economies. We want to create communities thriving with "home grown businesses," where people are able to take control over their own economic destinies and contribute, as taxpayers, to the nation economy.

Mr. Rogers: How long is it going to take ARC to complete its mission?

ARC Response: *Development comes in stages.* The groundwork has been laid for future development in a number of key areas. The high school graduation rate in the Region now exceeds that of the nation; the Appalachian highway system is approaching completion; and branch plants of our nation's major corporations today provide thousands of manufacturing jobs in the Region. The challenge facing Appalachia today is development and diversification of the Region's economic base. Appalachian high school graduates often face few educational or training opportunities for a limited range of employment possibilities from an few major employers in their communities. Therefore, the best and the brightest young Appalachians are forced to leave those parts of the Region that need them the most to help build more entrepreneurial based, diversified economies.

Economic development is a long and unpredictable process. Nevertheless, it is possible to determine benchmarks in achieving basic development goals. Independent research on the impact of ARC programs confirms that since 1969 Appalachian counties served by ARC programs have grown significantly faster than similar counties outside the Region. Between 1969 and 1991 Appalachian counties averaged 48 percent more growth in income, 5 percent more growth in population, and 17 percent in per capita income. In the short run, it is part of the ARC's operation to evaluate programs to determine their success in achieving identifiable objectives.

Appalachia is now a region of contrasts. Despite general improvements in the Region, the rural counties of Central and Southern Appalachia, and to a lesser extent the rural areas of the Northern part of the Region, have fared far less well than metropolitan parts of Appalachia. For example, adult high school completion rates are at the national average for metropolitan counties of northern Appalachia, but are still only 59.4 percent for rural Southern Appalachia and only 51.7 percent for rural Central Appalachia. Although the metropolitan areas enjoy vibrant and diverse economies, the rural areas in all of the ARC states still lag the nation in indicators of economic stability. Thirty-seven percent of Appalachia's non-metropolitan counties are considered severely distressed, compared to only 19 percent of non-metropolitan counties in the rest of the U.S.

The Highway System is not completed. The highway system is currently 70% completed, with many of the most expensive segments remaining. These segments traverse some of the most challenging mountainous terrain, where construction costs can run as high as $16 to $18 million. Completion of the system is vital to linking the entire region to international commerce

We cannot say how long bringing all of Appalachia into the economic mainstream will take. The problems of generations of neglect cannot all be corrected in one generation. We have made much progress, but much more remains to be done to reach our goal -- to create self-sustaining, vibrant, entrepreneurial economies in all of Appalachia.

HIGHWAY PROGRAM

Mr. Rogers: An issue of basic need in my district is transportation. Having traveled in my area, you are both familiar with the importance of roads to attract industry, transport children safely to school, and getting basic services in and out of a tough area.

This budget request reduces the total amount of highway funding that was appropriated last year. What is the impact of your request on the program?

ARC Response: The President requested $187 million for ARC in 1995, including $100 million for highways -- Congress appropriated $282 million, including $195 million for highways. The FY 1996 President's request for ARC is $183 million, including $90 million for highways. Relative to the President's request for FY 1995, the Administration is requesting only a $10 million, or a 10%, reduction in highway funding for FY 1996.

The Administration has chosen to balance highway development with business and human development. Given where we are concerning highways, we now need to stress those factors that lead to human development, support competitiveness of key Appalachian industries, and develop Appalachian communities. The highways are more than two-thirds completed. ISTEA is providing funding for completion, so the need for ARC funds is reduced. A recent study conducted by a professor at the University of North Carolina found a strong correlation between income growth and the presence of improved highways between 1965 and 1990 in Southern and Northern Appalachia. Central Appalachia had a much weaker correlation between income growth and improved highways. This highlights the need for other related investments in the poorest areas.

Mr. Rogers: What is the status of your highway program, and what is the timetable for completion of the system?

ARC Response: The Appalachian Development Highway System is nearly 70% complete (2,107 miles) with 2,160 miles expected to be completed by September, 1995. Three-quarters of the system, or 2,276 miles has been completed or is under construction. By September, 1995, we expect 2,315 miles to be underway or completed. The FY 1996 request would result in completion of 2,200 miles and 2,360 miles completed or underway. With Commission resources alone, at the current level of appropriations, the system could not be completed in the foreseeable future (2065 estimated completion year). If all funding from all other sources were continued at the current level, it is possible that the system could be completed in 2005.

Mr. Rogers: Kentucky, as well as other states have, as you know, pre-financed highway corridor construction. My state has taken the risk of putting its own funding towards these badly needed roads.

I simply wanted to note that for the record, because the program is important, and my state does feel that it has entered into an agreement with ARC on these highways.

ARC Response: The ARC states have pre-financed a total of $212.6 million as of FY 1994. Under our statute, pre-financing does not constitute a federal obligation to reimburse the states. However, states have in good faith taken advantage of this opportunity, and the Commission fully expects, subject to appropriations, to reimburse the states in an orderly fashion for the funds they have used through pre-financing to accelerate the completion of the highway system. Additionally, as long as ARC allocates money for highway construction, Kentucky can either build new roads or pay itself back (at the rate of 70%), as is the case with Tennessee.

Answers to Questions from Mr. Bevill

Mr. Bevill: You spoke about the unique Federal-State partnership of the Commission. Would you share your thoughts on how this partnership enhances the programs? Do you think this partnership helps to assure that ARC dollars are spent wisely?

ARC Response: ARC is a unique true Federal-State partnership, not a traditional Federal agency. With the exception of the Federal Co-Chairman's Office staff (11 FTE), ARC employees are not Federal employees, but are Commission staff whose salaries are jointly paid by the Federal government (50%) and the 13 member States (50%). ARC was established in 1965 to bring nearly 400 counties in 13 States in the Appalachian Region into the mainstream of the American economy. Appalachia in 1965 was characterized by acute economic stagnation due largely to its isolation.

The Federal Co-Chairman -- appointed by the President and confirmed by the Senate -- has one-half of the votes on the Commission; and the 13 Governors have the other half. The 13 Governors elect a States' Co-Chairman from their number. No policy can be set nor any money spent unless the Federal Co-Chairman and a majority of the Governors reach agreement. Thus, the ARC model represents neither dictation of policy from Washington nor the abdication of policy to the States. Rather, our statute requires collaboration between the Federal and State partners. ARC's authorizing legislation allows great flexibility in providing resources to comprehensively address economic development problems across the Region. This recognizes that successful strategies for long-term self-sustaining economic development must be multifaceted and integrated.

ARC's proposed investments for FY 96 include programs for highway construction, physical development (e.g., water, sewer, housing), business development (e.g. enterprise development, telecommunications, export promotion, business networking), human development (e.g., education and training, child care, community service, leadership and civic infrastructure), and Local Development Districts (LDDs) and technical assistance. The LDDs work with member governments and citizens to determine local needs and priorities. They provide competent support staff to member governments to plan, initiate, and implement projects at the grassroots level.

This wide range of programs allows Governors and local officials to tailor Federal assistance to their individual needs. ARC funds are designed to be supplemental, not duplicative, of other Federal funds. ARC funds are typically the "glue money" that pulls together private, local, State and other Federal funds, and provides technical assistance for small local communities. ARC works closely with numerous Federal agencies who administer our funds in combination with their funds, and State, local and private funds. All projects are proposed by the Governors under our partnership.

Our process assures that local needs are met but does not eliminate federal responsibility in decision-making.

Mr. Bevill: I note your strong support for the ARC highway program. Like you, I believe the completion of these corridors is vital to job creation in the region. Do you have any projection on the amount of jobs which will be created as other corridors are completed?

ARC Response: Based on a 1987 survey of previously completed corridors of the ARC highway program, we estimate that completion of the total 3,025 mile system would generate an additional 97,000 jobs in the manufacturing sector within 30 minutes of the corridors. Additionally, employment multiplier effects in these areas could ultimately also result in 97,000 additional new jobs in the retail and service industries. Of course, jobs will develop in some areas more quickly than in others depending on the structure of the local economies.

Mr. Bevill: Your health care clinics now serve over 4 million people. Do you feel this has had a direct link to the drop in the infant mortality rate?

ARC Response: A network of more than 400 primary health care clinics and hospitals has been completed with ARC funding and now serves some 4 million Appalachians a year. More than 500 new physicians have opened practices in Appalachia just since 1980. Infant mortality has dropped from 26.5 infant deaths per 1,000 live births in 1960 to 8.5 in 1992. We feel strongly that this network of health care clinics including the provision of prenatal care has directly reduced the infant mortality rate. Studies have shown that prenatal care is critical to reducing infant mortality.

Mr. Bevill: Detail for the Committee the effect the Commission's work has had on job creation for the region. What kind of revenues have these jobs created?

ARC Response: Study after study has shown that ARC investments in highways and non-highway programs have produced economic development in much of our region. Industries and businesses have grown along the highways, and communities and businesses not on the highways have benefited by their economic linkages to the growing corridor industries and businesses. A 1987 survey showed that between 1980 and 1986, 560,000 jobs were created in Appalachian counties with a major highway compared with 134,000 jobs created in counties without a major highway. A recent study funded by the National Science Foundation and conducted by professors at West Virginia University found that the ARC counties grew 48 percent faster in personal income and earnings, 5 percent faster in population, and 17 percent faster in per capita income than statistically identified "twin" counties outside of the Appalachian Region.

This West Virginia University study also estimates that this faster growth translates to $8.4 billion more income in Appalachia in 1991 alone. We would expect this differential to continue in future years.

Mr. Bevill: You also mention efforts to "reinvent" yourself to become more efficient and streamlined. Can you expand on what your efforts are and will it lead to any budget savings.

ARC Response: The Commission's comprehensive strategic planning process was initiated in April 1994. The strategic plan, which should be completed by the Fall of 1995, will chart ARC's future course and will define the full scope of managerial and front-line strategies needed to support excellence in ARC customer service for a new generation of Appalachians. Our authorizing legislation foresaw the need for constant redirection of ARC programs to keep pace with change. The Act also called for public participation in the realignment process and for the convening of regional forums to identify pressing needs and emerging issues. This management strategy, based on the principle of participatory democracy, is the same process that has emerged over the past decade in many public and private organizations. Major tasks in our strategic planning initiative include (1) a socioeconomic review of the region; (2) area development program and policy review; (3) consultations with experts, scholars, grantees, government officials and community groups to elicit information on internal operations, the effectiveness of the partnership, and policy direction; (4) field meetings/forums with the public; and, (5) intergovernmental relations study.

As part of our strategic planning process, ARC conducted a town meeting in Ironton, Ohio on January 24th. This location was chosen to allow maximum participation of citizens from Ohio, Kentucky and West Virginia. This session provided citizens with the opportunity to discuss the area's needs in education, health care, job development, and to help plan ARC's future programs. The session was attended by over 200 citizens and was broadcast live gavel-to-gavel by Ohio public radio and television. It provided the Commission with valuable grassroots information. We are planning for two or three additional town meetings in other parts of the Region which will also allow multi-State participation. ARC will also be sponsoring seven or eight focus group meetings which will include private sector interests (banks, utilities, and industry), local public sector leadership, labor leaders, health providers and clients, education community representatives, and community-based organizations.

Although our strategic planning exercise is not completed, we are already incorporating early findings into our processes. For example, the Commission's Policy Development Committee (which includes representatives from four States) is developing revised guidelines for project submissions; we are including benchmarking in our program development; and we have formed interdisciplinary work teams to address the needs of the Commission and our customers. Our FY 97 OMB budget submission will reflect the results of our strategic planning efforts. This process will allow ARC to complete its mission more effectively and at less cost.

Mr. Bevill: Explain the rationale behind your recent initiatives related to gaining access to the global economy, developing telecommunications networks, and building civic

infrastructure.

ARC Response: These three initiatives represent the priorities of the Federal Co-Chairman and the Commission as the most essential areas for which additional emphasis is required in order to develop self-sustaining, vibrant, entrepreneurial economies in the Region in the new global economy. All three of these initiatives preserve our model of encouraging the states to adapt our programs to their individual needs, while maintaining the regional focus that yields a solid foundation for sustained economic growth. The sooner we can wean our communities from their old habits of "smokestack chasing," the better off they will be. The Federal Co-Chairman plans to pursue these initiatives for the foreseeable future.

The *internationalization initiative* focuses on opportunities to increase exporting in light of recent developments in trade agreements (GATT and NAFTA). With every $1 billion in exports creating about 15,000 jobs, one of best ways to create jobs in Appalachia is to encourage the region's small and medium sized companies to enter the foreign trade market. This initiative focuses on five key areas: data development, financing, technical assistance, training , and marketing. *Telecommunications infrastructure* is critical because it cuts across all areas of development and can link rural areas to world markets. Through a regional initiative, the states can individually achieve common levels of service and network development that will ensure the region's future role in the information infrastructure highway. This initiative is designed around three program elements: education and training, planning and technical assistance, and coordination and advocacy. The *leadership and civic development initiative* will attempt to build the capacity of communities to work together to solve local problems. This initiative will provide resources to develop the local leadership and community institutions that are the building blocks of community development. In addition to Commission support for these initiatives, the Appalachian States are encouraged to use portions of their Area Development allocations in these areas.

Curriculum Vitae
Jesse L. White, Jr.

Jesse L. White, Jr. is the Federal Co-Chairman of the Appalachian Regional Commission (ARC). He was appointed to head the ARC by President Clinton and confirmed by the U.S. Senate on February 22, 1994. For four years prior to his appointment, Dr. White was a consultant, lecturer, and writer in the fields of economic development, public policy, and strategic planning. His major project during 1992-93 was to serve as the Secretary and Managing Consultant to the 1992 Commission on the Future of the South.

From 1982 to 1990 White served as Executive Director of the Southern Growth Policies Board, an economic development "think tank" serving the fourteen governors of the southern states and located in Research Triangle Park, N.C. He has been widely quoted in regional and national media on the issues of economic development facing the states, regions, and nation. During the Spring semester of 1990 Dr. White was a Fellow of the Institute of Politics at Harvard University at which he taught a course on modern Southern politics.

White earned the B.A. degree, *summa cum laude*, in history and political science at the University of Mississippi in 1966. He was Mississippi's first Marshall Scholar, studying at the University of Sussex in Brighton, England, at which he received his M.A. degree in international relations in 1968. Dr. White received his Ph.D. degree in political science from M.I.T. (Massachusetts Institute of Technology) in 1979.

He has served in numerous positions at both the federal and state levels, as well as in academic life. At the federal level, Dr. White was the chief policy planner for higher education at the U.S. Department of Education during the Carter administration and was special assistant to United States Senator John C. Stennis. At the state level, he served as Secretary of the Mississippi State Senate for a four year term. He was also on the political science faculty of the University of Mississippi.

White has been a member and officer of numerous professional and church organizations. In 1984 he was selected to participate in the International Business Fellows Program of the Georgia World Congress Institute. He currently serves on the Visiting Committee to the M.I.T. Political Science Department.

STATEMENT OF JESSE L. WHITE, JR.

FEDERAL CO-CHAIRMAN, APPALACHIAN REGIONAL COMMISSION

BEFORE THE

SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT APPROPRIATIONS

OF THE

HOUSE COMMITTEE ON APPROPRIATIONS

February 28, 1995

Mr. Chairman and Members of the Subcommittee,

I am pleased to come before this Subcommittee again to discuss with you the work of the Appalachian Regional Commission over the past year and to outline the Administration's budget request for 1996.

The Administration appreciates the strong support that this Subcommittee has provided ARC over the years--a recognition of the commitment Congress made in 1965 to bring almost 400 counties in the Appalachian Region into the mainstream of the American economy . . . to make these hundreds of communities and millions of people contributors to, rather than drains on, the national resources.

At its heart ARC's mission is to equip the people and communities of Appalachia with the entrepreneurial skills and enterprise development resources they need to create self-sustaining local economies, communities thriving with "home grown businesses," where people are able to take control over their own economic destiny and contribute, as taxpayers, to the national economy. Our collective challenge, quite simply, is to help them reach the point at which they no longer need ARC's special assistance.

At the outset I think it is important to note again the unique nature of the Commission. Congress wisely established this program as a full partnership between the federal government and the 13 states we serve. The federal appropriation is matched by state, local and private funds, and the states underwrite 50 percent of the administrative costs of the Commission.

As the Federal Co-Chairman of ARC--appointed by the President and confirmed by the Senate--I have one-half of the votes on the Commission; and the 13 governors have the other half. No policy can be set or any money spent unless the federal representative and a majority of the governors reach agreement. I am pleased to be joined today by Governor Brereton Jones of Kentucky, who this year is the States' Co-Chairman.

Our program is the only one we know of in which federally appropriated money is not controlled in a final sense by the federal official running the agency. The ARC model represents neither the dictation of policy from Washington nor the abdication of policy to the states. Rather it is a true collaboration. At a time when Congress is reconsidering the relationship between the federal government and the state governments, the ARC experience offers an approach that might well be extended to other federal programs.

The Administration's budget request for FY 1996 is $183 million. This includes $90 million for the Appalachian Development Highway Program, $84.055 million for the area development programs of the Commission, $5.3 million for local development district support and technical assistance, and $3.645 million for the salaries and expenses requirements.

The request for $183 million for FY 1996 is a $4 million decrease in the amount requested by the Administration for FY 1995 and a reduction of $99 million, or 35 percent, from the amount appropriated for FY 1995. Through this reduction we recognize the tight fiscal environment within which this subcommittee must act, but we believe that the budget request represents a level of activity that will allow the Commission to operate a viable regional economic development program in the 13 Appalachian States.

HIGHWAY PROGRAM

Of the $90 million requested for the highway program, $87.4 million is for corridors, $1 million is for access roads, and $1.6 million for administering and planning the program. This represents a $99 million decrease from the amount actually appropriated for the highway program for 1995.

The funds for 1996 would be used to assist the Appalachian States in contracting for construction, right-of-way purchase, or engineering for 125 miles of the 749 miles that remained for construction as of September 30, 1994. At that date, 2,276 miles of the system had been contracted for construction, of which 2,107 miles had been completed and open to traffic. Six of the 24 corridors have now been completed.

The proposed funding would finance a program which, by September 30, 1996, is anticipated to result in a total of 2,360 development highway miles and 915 access road miles either contracted for construction or already completed. Adding the additional mileage for which right-of-way acquisition will have been obligated, there will be at the close of FY 1996 an estimated total of 2,525 development highway miles with obligation commitments.

As the Subcommittee knows, for the highway program we transfer funds to the Federal Highway Administration, which oversees the actual construction of our corridor system. Our FY 1996 budget request includes $1.6 million for FHwA's administration of the Appalachian Development Highway program. This amount is unchanged from the current year.

With the Appalachian Development Highway System now 70 percent completed, its impacts are already considerable: industries and businesses have grown along the highways; enterprises not directly along the highways were strengthened by the dramatic opening up of the region by the highway system; the system is a vital link in moving Appalachian coal and other products to domestic and foreign markets; and the costs and difficulty of extending health, education, and other services in the Region have been reduced by the highways.

A 1981 study, the most accurate count ever taken of the industries located on or near the Appalachian Development Highway System corridors, showed that since 1965, when the corridor system was first announced, 182,700 jobs had been created in 801 manufacturing plants with 50 or more employees within 30 minutes of the corridors. Added to this is an estimated 32,300 jobs in smaller plants for a total of 215,000 jobs.

A 1987 survey, using a different approach, showed that between 1980 and 1986, 560,000 jobs were created in the Appalachian counties with a major highway compared with 134,000 jobs created in counties without a major highway--a ratio of better than 3 to 1. A more recent study conducted by a professor at the University of North Carolina-Charlotte found a strong correlation between income growth and the presence of improved highways between 1965 and 1990 in Southern and Northern Appalachia. The correlation was weaker in Central Appalachia, however, suggesting the need for other related investments in the poorest areas.

NON-HIGHWAY PROGRAMS

The non-highway, or area development, program request--$84.055 million--anticipates a closer balance than in the past between highway and non-highway funds. This figures represents an increase of $5.955 million over the FY 1995 level.

A good network of highways throughout the region is a necessary prerequisite for economic growth, but highways alone will not produce long-term economic development in most Appalachian communities. Other kinds of assistance--such as local infrastructure, worker training, business financing, and community leadership development--are required. A part of ARC's strength lies in its ability to balance the comprehensive regional highway program with a diverse array of other area development activities to provide a basis for sustained local economic growth.

Of the amount requested, $37.375 million is expected to be used in physical development projects for clean water, community improvement, telecommunications, low-income housing, and local government services. An amount of $26 million is expected to be used to tackle human development problems including education and health, while $20 million is expected to be used to help develop small business and enterprise skills and opportunities in the Region. It is important to note that 20 percent of our total area development funds are reserved for use by the 115 distressed counties in the region.

The budget request includes $5.3 million, the same as FY 1995, to support the work of the 69 local development districts and the Commission's regionwide programs of technical assistance. Federal agencies (other than the Federal Highway Administration) that help ARC administer its programs would receive $680,000, a reduction of $15,000 from the current year.

The request for salaries and expenses is $3.645 million. This includes $1.245 million for the Federal Co-Chairman's staff and the office of the inspector general and $2.4 million for the 50 percent federal share of the Commission's administrative budget. With the $1.6 million for highway program administration and $680,000 for non-highway program administration by other agencies, the federal cost of program administration will total $5.925 million, or about 3 percent of the total ARC budget. Mr. Chairman, I think you will agree that those administrative costs reflect an agency that operates in a very lean and efficient way.

ACCOMPLISHMENTS

Mr. Chairman, ARC merits the Subcommittee's continued support quite simply because it works. A quick look at our record suggests the dramatic progress we have made in improving the lives of millions of Appalachian citizens. I have already highlighted the benefits of our highway program. Other accomplishments include the following:

- Water and Sewer Systems. ARC funding brought the first sewer lines and clean drinking water to 700,000 residents of Appalachian counties designated as distressed due to high rates of poverty and unemployment and low per capita income. About 2,000 new water and/or sewer systems have provided the infrastructure needed for job creation. As a result of these projects, thousands of jobs have been created or retained.

- Small Business Assistance. As of December 31, 1994, ARC grants to revolving loan funds in nine states totaled $16.5 million, thereby assisting 738 small businesses -- the source of some 8,000 new jobs in Appalachia.

- Access to Health Care. A network of more than 400 primary health care clinics and hospitals has been completed with ARC funding and now serves some 4 million Appalachians a year. More than 5,000 new physicians have opened practices in Appalachia just since 1980. Infant mortality has dropped from 26.5 infant deaths per 1,000 live births in 1960 to 8.5 in 1992.

- Educational Advancement. ARC has helped construct and/or equip more than 700 vocational and technical education facilities serving more than 500,000 students a year. In 1965 only 32 percent of Appalachians over age 25 had finished high school. Today, that figure has risen to 68.4 percent. Among young adults age 18-24, 77 percent of Appalachians have completed 12 or more years of school, compared with the national average of 76 percent.

Perhaps the most striking is the aggregate effect of ARC's investment on overall economic growth. A study funded by the National Science Foundation and published by West Virginia University last year showed unambiguously that the ARC program has worked. Using a rigorous statistical methodology, the study identified "twin" counties (counties with similar demographic and economic profiles) outside of Appalachia for all of the ARC counties and followed their respective progress from 1969 to 1991. The counties benefitting from the ARC investment grew 48 percent faster in personal income and earnings, 5 percent faster in population, and 17 percent faster in per capita income.

NEW REGIONAL INITIATIVES

One of the Commission's compelling strengths arises from its ability to address problems on a regional, rather than a state-by-state or community-by-community basis. I believe that only regional approaches can ultimately address the kind of persistent economic distress that plagues much of Appalachia. Just last month, the Commission's 13 governors and I launched three new regional initiatives. We envision these as multi-year activities and we expect to continue them in FY 1996.

- Internationalization of the Economy and Its Implications for Appalachia. With every $1 billion in exports creating about 15,000 jobs, one of the more productive ways to create jobs in Appalachia is to encourage the region's industries to enter the foreign trade market. ARC's new initiative will help states encourage business participation in the export market, and the job growth that ensues, through five key areas: data development, financing, technical assistance, training and marketing.

- Telecommunications. Without a comprehensive approach to the deployment of the regional telecommunication infrastructure, the Appalachian region risks being by-passed by the national information network, much as the highway system bypassed the region earlier in this century. Through a regional initiative, the states can individually achieve common levels of service and network development that will ensure the region's future role in the information infrastructure highway.

- Leadership and Civic Development. Central to the development of self-sustaining local economies across Appalachia is the building of the capacity of communities to work together to find solutions to local problems, to take charge of their own destinies. Our new initiative will provide resources to develop the local leadership and community institutions that are the building blocks of community development.

As these exciting new initiatives suggest, the emphasis for future development of the Region does not depend primarily on the kinds of industrial recruitment activities that have characterized many programs in the past. Rather than seeking short-term growth, the stress needs to be on providing the means for increasing local entrepreneurial activity and locally-grown businesses; on assuring an adequate human resource base to become globally competitive; and on building the physical infrastructure that is required to sustain and create economic opportunities. Quite simply, the sooner we can wean our communities from their old habits of "smokestack chasing," the better off they will be.

THE JOB IS NOT YET DONE

While the ARC effort has produced dramatic results in the almost 400 counties we serve, much remains to be done. In 1992 Appalachia's per capita income was only 83 percent ($16,187) of the U.S. average ($20,105). In addition, Appalachia has become a region of contrasts. Central Appalachia remains severely distressed, where the poverty rate is 27 percent, rural per capita income is still only two-thirds of the national average, and unemployment remains much higher than the national average.

Although the metropolitan areas enjoy vibrant and diverse economies, the rural areas in all of the ARC states still lag the nation in indicators of economic stability. Thirty-seven percent of Appalachia's non-metro counties are considered severely distressed, compared to only 19 percent of the non-metropolitan counties in the rest of the U.S. These 115 counties suffer from above-average rates of unemployment and poverty rates that are at least 150 percent of the national poverty rate of 13.1 percent.

Internally the Commission has responded to this situation through a set of policies which create three tiers of counties and which, within the limits of our enabling legislation, target more of our resources to the weakest areas. The Appalachian counties that are designated as "distressed" can receive Commission funding for up to 80 percent of eligible project costs, while our "strong" counties can receive only 30 percent. The remaining counties in the region can receive funding on a 50/50 matching basis. In addition, as I noted earlier, we set aside 20 percent of our area development funds to be used only in our distressed counties.

Finally, our highway program remains unfinished, with many of the most expensive segments yet to be completed. Those segments traverse some of the most challenging mountainous terrain, where construction costs can run as high as $16 million per mile. Indeed, our highway construction costs are now averaging $5 million per mile. We have completed most of the easy segments, but those that are yet to be done are vital to linking the entire region to international commerce.

As part of the President's Reinventing Government Initiative, all federal agencies are re-examining their mission. This includes key inquiries such as addressing the mission based on "customer" input; asking whether the mission could be accomplished as well or better without federal involvement; looking for ways to cut cost or improve performance through competition; and ways to put customers first, cut red tape, and empower employees.

We at ARC are actively participating in this effort. Back last summer the Commission embarked on a strategic planning process to achieve consensus on a vision for future direction. ARC's state partners, local governments, foundations, scholars, public and private entities with a stake in Appalachia's well-being, and the people of the region will all participate. This process will chart ARC's future course and craft strategies that will yield expanded opportunities for a new generation of Appalachians. We will keep the Subcommittee fully apprised of our review.

If I had to summarize in a phrase what I think the theme of my Co-Chairmanship of the ARC is, it is this: "to build vibrant entrepreneurial communities and enterprising people." I believe strongly--as does the Administration--that vibrant entrepreneurial economies offer the best hope for our small towns and rural areas. The key to public policy investments in economic development--and we have ignored this far too long in our region--is to create an infrastructure for small business creation and expansion.

This includes everything from entrepreneurial education and programs in our public schools to revamping vocation and technical education to the promotion of risk and venture capital pools to technical assistance for entrepreneurs and existing businesses to the organization and deployment of information technology on a regional basis. These are the types of economic development projects that we are encouraging at ARC.

We hope that this Congress will keep faith with the promise to bring all of Appalachia into the mainstream of the American economy through continued support of this unique federal-state partnership. I look forward to working with the members of this Subcommittee in helping achieve that end.

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BRERETON C. JONES
BIOGRAPHY/PROFILE

Brereton C. Jones, long an activist for health, education and political reform, has given top priority to these same vital issues as Governor of Kentucky.

Jones was born June 27, 1939, and raised in Point Pleasant, West Virginia, the son of Bartow and Nedra Jones.

A successful student athlete with a straight-A average in high school, Jones attended the University of Virginia on a football scholarship. He graduated with a Bachelor of Science degree in Commerce, and showing a keen sense for business, within three years was a successful developer of residential and commercial properties.

In the early 1970s, after marrying Elizabeth (Libby) Lloyd of Midway, in Woodford County, Jones moved to Kentucky, where he and Libby have established Airdrie Stud Farm as a thriving thoroughbred operation of international renown. The Joneses have two children; Lucy, 18, and Bret, 14.

Jones was elected Governor in November, 1991, by the largest margin in Kentucky history after serving four successful years as Lieutenant Governor, an office he also won by a record-setting margin.

As Lieutenant Governor, Jones voluntarily cut nearly 25 percent from the expenses associated with the office. As Governor, Jones has emphasized downsizing and reforming state government. So far, he has eliminated more than 1,700 permanent, full-time positions from the state payroll, through attrition. Jones has downsized the state's vehicle fleet, reduced travel costs, refinanced bonds at lower interest rates, reduced the Governor's office budget to its lowest level in nearly a decade, and cut by nearly half the operating expenses for the Governor's Mansion. Because of his prudent fiscal management, Governor Jones will leave the next administration with a treasury surplus of nearly $250 million dollars, the largest surplus in history.

Within minutes of taking the oath of office, Governor Jones signed an executive order establishing a strict code of ethics for the executive branch of state government. The code was written into state law for future administrations by the 1992 General Assembly.

In the early months of his administration, Jones supported and signed into law a bill changing the system for selecting members of the state's seven university governing boards, assuring that future appointments will be based on merit and not politics or contributions to political campaigns.

The Governor successfully sponsored legislation in 1992 that placed Kentucky in the forefront of campaign reform. The reform package reduced the sum an individual may contribute to a state and local candidate from $4,000 to $500 per election; required candidates for governor and lieutenant governor to run as a slate; established the state's first-ever public financing of campaigns if candidates agree to spending limits; and restructured the election schedule, providing one election-free year out of every four, thereby saving millions of taxpayers' dollars.

He successfully promoted a change in the Kentucky Constitution that gives voters the right to return a governor to office for a second successive term. Unlike previous efforts, Governor Jones excluded himself from the provisions of that measure.

As founder and president of the Kentucky Health Care Access Foundation more than a decade ago, he forged a partnership with health care professionals that has provided thousands of low-income Kentuckians with health care that otherwise would not have been available to them. In 1990, Jones was one of four American laymen to receive the American Medical Association's distinguished service award for his work on indigent health care. In 1994, Jones received the American Medical Association's prestigious Dr. Nathan Davis Award, given to the person in government who has best served the public health.

On April 15, 1994, Governor Jones achieved the primary goal of his administration, when he signed into law a tough new Health Care Reform Law. The law establishes a Health Policy Board to oversee Kentucky's $10 billion health care system. It also accomplishes insurance reform, such as guaranteed insurability, insurance rate review and approval, and insurance portability from job to job. The law also gives health care consumers greater purchasing power and accessibility to health care through a health purchasing alliance, and consumer education through data collection and the mandatory posting of rates by all health care providers. The Health Care Reform Law puts Kentucky at the forefront of health care reform in the United States.

In 1993, Jones named the Commission on Quality and Efficiency to improve services while streamlining state government. A 53-member commission from government and private industry made nearly 300 recommendations that could save state government $900 million. Many of those recommendations are currently being implemented.

In early 1995, Jones won approval to eliminate inheritance and private pension taxes for the majority of Kentuckians. Now, family farms won't have to be sold to pay inheritance taxes, and retired Kentuckians on private pension will enjoy the same tax breaks as those with public pensions. When these tax cuts are fully implemented, Kentuckians will save more than $120 million a year.

In the area of education reform, a top priority in the Jones Administration, the 1990 Kentucky Education Reform Act is undergoing continued implementation and full funding.

The Jones Administration also has created an economic development plan that has resulted in a record number of new jobs, record low unemployment, and the fulfillment of a campaign pledge for new business and industry in Kentucky.

His administration also has strengthened the link between tourism and economic development, and in 1994, was successful in getting approval for a $70 million state parks revitalization project.

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PREPARED STATEMENT OF HONORABLE BRERETON C. JONES

GOVERNOR OF KENTUCKY and ARC STATES' CO-CHAIRMAN

to

HOUSE APPROPRIATIONS SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

HONORABLE JOHN T. MYERS, CHAIRMAN

February 28, 1995

HOUSE COMMITTEE ON APPROPRIATIONS TESTIMONY
FEBRUARY 28, 1995
WASHINGTON, DC

MR. CHAIRMAN, RANKING MINORITY MEMBER BEVILL, CONGRESSMAN ROGERS, OTHER DISTINGUISHED MEMBERS OF THE APPROPRIATIONS SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT.

AS THE STATES' CO-CHAIR OF A-R-C, I AM PLEASED TO BE WITH YOU HERE TODAY.

I WANT TO BEGIN BY THANKING THE MEMBERS OF THIS COMMITTEE FOR THEIR SUPPORT OF THE APPALACHIAN REGIONAL COMMISSION OVER THE YEARS.

ALL OF THE APPALACHIAN GOVERNORS ARE WELL AWARE OF THE CRUCIAL ROLE YOU HAVE PLAYED TO KEEP THE COMMISSION ALIVE UNDER DIFFICULT CIRCUMSTANCES.

ALL OF US – DEMOCRATS AND REPUBLICANS ALIKE – APPRECIATE YOUR SUPPORT.

AND MOST IMPORTANTLY, SO DO THE PEOPLE OF APPALACHIA.

TO YOU, MR. CHAIRMAN, FROM OUR NEIGHBORING STATE OF INDIANA, THANK YOU FOR RECOGNIZING HOW IMPORTANT IT IS TO OUR NATION THAT NO REGION OF THE COUNTRY BE LEFT BEHIND AS OUR ECONOMY MOVES FORWARD.

TO YOU, MR. BEVILL, WHO PROVIDED STRONG SUPPORT AS CHAIRMAN OF THIS COMMITTEE FOR SO MANY YEARS, THANK YOU FOR ENSURING THAT WE COULD CONTINUE TO SERVE THE NEEDS OF THIS NEGLECTED REGION OF THE COUNTRY.

AND TO YOU, MR. ROGERS, MY FELLOW KENTUCKIAN, THANK YOU FOR REPRESENTING A DISTRICT WHICH EPITOMIZES THE NEED FOR THIS PROGRAM, AND FOR WORKING SO HARD TO ENSURE ITS CONTINUATION.

ALL OF THE APPALACHIAN GOVERNORS RECOGNIZE THAT THE CHALLENGE BEFORE US TO CONTINUE THIS VITAL PROGRAM IS NO LESS DAUNTING THAN IT HAS BEEN FOR THE PAST 14 YEARS.

AND YET, WE ALL BELIEVE IT IS A CHALLENGE WE MUST FACE AND OVERCOME FOR THE GOOD OF THE PEOPLE WE SERVE.

IN THIS ERA OF SCARCE RESOURCES AT ALL LEVELS OF GOVERNMENT, WE ARE ALL SEEKING WAYS TO STREAMLINE, SO THAT WE CAN GIVE OUR TAXPAYERS THE ABSOLUTE MOST FOR HIS OR HER TAX DOLLAR.

A SPIRIT OF COOPERATION BETWEEN THE FEDERAL GOVERNMENT AND EACH STATE BRINGS EFFICIENT GOVERNMENT CLOSER TO THE PEOPLE.

IN THE A-R-C, WE FIND THE PERFECT MODEL.

IT HAS HELPED ONE OF THE MOST ISOLATED AND POVERTY STRICKEN REGIONS OF OUR COUNTRY OVERCOME THE ISOLATION AND PROMOTE ECONOMIC DEVELOPMENT.

THE A-R-C HAS BEEN SUCCESSFUL IN DOING THIS, NOT BY FULLY FUNDING ANY PROGRAMS BUT BY PROVIDING A PORTION OF THE COST AND THUS LEVERAGING FEDERAL, STATE AND PRIVATE FUNDS.

FORTY-NINE COUNTIES IN KENTUCKY ARE LOCATED WITHIN THE BOUNDARIES OF A-R-C.

THIRTY-EIGHT OF THESE COUNTIES ARE OFFICIALLY LISTED AS DISTRESSED COUNTIES -- HIGH UNEMPLOYMENT AND LOW PER CAPITA INCOME.

THERE ARE 150 SUCH COUNTIES IN THE 13 STATE APPALACHIAN REGIONAL COMMISSION BOUNDARY.

MANY STATISTICS HAVE BEEN PRESENTED TO THIS COMMITTEE ON THE A-R-C AND ITS EFFECTIVENESS.

THE MOST CONVINCING EVIDENCE, HOWEVER, IS TO TRAVEL THROUGH THE AREA AND SEE THE DIFFERENCES IN PEOPLE'S LIVES.

I ALWAYS ENJOY BEING IN EASTERN KENTUCKY AND AS CONGRESSMAN ROGERS KNOWS, THE NATURAL BEAUTY AND THE WARMTH OF THE PEOPLE MAKE IT A SPECIAL PLACE.

THE MOUNTAINS, HOWEVER, PRESENT CHALLENGES IN BUILDING ROADS, INSTALLING WATER AND SEWERS, PROVIDING ACCESS TO HEALTH CARE, AND MAKING NEEDED COMMUNITY IMPROVEMENTS.

ALL OF THESE THINGS COST SIGNIFICANTLY MORE IN MOUNTAINOUS TERRAIN, AND WHEN YOU ADD IN THE DISTRESSED ECONOMIC FACTORS, YOU IMMEDIATELY INCREASE THE ODDS AGAINST THESE AREAS KEEPING PACE WITH THE REST OF THE COUNTY.

A-R-C'S ROLE HAS BEEN TO BETTER THOSE ODDS FOR APPALACHIAN COMMUNITIES.

THERE IS STILL A LOT TO DO. BUT YOU DON'T HAVE TO GO FAR IN ANY DIRECTION IN EASTERN KENTUCKY BEFORE SEEING THE BENEFITS OF THE A-R-C PROGRAM -- IN HOUSING, IN CLEAN WATER, ROADS, HEALTH CLINICS, EDUCATIONAL PROGRAMS, AND SMALL BUSINESSES WHICH GOT A CHANCE DUE TO REVOLVING LOAN FUNDS

THESE ARE REAL DIFFERENCES WHICH PEOPLE EXPERIENCE IN THEIR DAILY LIVES.

LET ME GIVE YOU SOME EXAMPLES OF PROJECTS PROPOSED FOR KENTUCKY THIS YEAR.

IN AN AREA WHERE RESIDENTS NOW DEPEND ON WELLS, CISTERNS OR HAULED WATER, WATER SERVICE CAN BE PROVIDED FOR 170 NEW CUSTOMERS AND AN ELEMENTARY SCHOOL FOR A TOTAL PROJECT COST OF $1.3 MILLION.

THE A-R-C GRANT FOR THIS PROJECT IS $250,000 WHICH THEN ALLOWS THE COMMUNITY TO COMBINE SOME LOCAL FUNDS WITH A FARMERS HOME ADMINISTRATION LOAN AND GRANT TO MAKE THIS WATER PROJECT A REALITY.

IN ANOTHER INSTANCE, A-R-C IS WORKING WITH A SIX-STATE CONSORTIUM TO PRODUCE A BETTER TRAINED WORKFORCE IN THE MOST ECONOMICALLY DISADVANTAGED COUNTIES IN APPALACHIA.

A-R-C AND THE CONSORTIUM ARE DEVELOPING A PROPOSAL TO THE NATIONAL SCIENCE FOUNDATION TO PROVIDE SCHOOLS AND COMMUNITIES IN THESE COUNTIES ACCESS TO THE INFORMATION SUPERHIGHWAY.

THE ACCESS WILL BE USED TO IMPROVE STUDENT PERFORMANCE IN MATH AND SCIENCE AND TO DEVELOP NEW BUSINESSES IN THE COMMUNITIES.

THE FEDERATION OF APPALACHIAN HOUSING ENTERPRISES IS AN ASSOCIATION OF 20 COMMUNITY BASED NON-PROFIT HOUSING PROVIDERS IN KENTUCKY, TENNESSEE, VIRGINIA, AND WEST VIRGINIA.

ITS MISSION IS TO MAKE DECENT HOUSING AFFORDABLE AND AVAILABLE TO LOW AND VERY LOW INCOME FAMILIES IN CENTRAL APPALACHIA.

A-R-C FUNDING HAS LEVERAGED MILLIONS OF DOLLARS FROM OTHER SOURCES AND HAS RESULTED IN THE CONSTRUCTION OR REHABILITATION OF NEARLY 17,000 HOUSING UNITS.

THE KENTUCKY HIGHLANDS INVESTMENT CORPORATION IS A GRASSROOTS ORGANIZATION WHICH HAS RECEIVED A-R-C ASSISTANCE TO HELP FINANCE NEW SMALL BUSINESSES THROUGH EQUITY INVESTMENTS OR LOANS.

ITS CURRENT INVESTMENTS EMPLOY MORE THAN 3,500 PEOPLE, 60% OF WHOM HAD PREVIOUSLY BEEN ON PUBLIC ASSISTANCE.

THE COST OF PROVIDING PUBLIC ASSISTANCE TO THESE PEOPLE TODAY WOULD BE ABOUT $38 MILLION PER YEAR.

INSTEAD, THESE MEN AND WOMEN ARE WORKING AND PAYING $9 MILLION PER YEAR IN TAXES.

THAT'S A TURNAROUND FOR THE GOVERNMENT OF 47 MILLION DOLLARS A YEAR!

SIMILAR STORIES CAN BE TOLD BY GOVERNORS FROM OTHER A-R-C STATES, AS WELL.

ONE REASON FOR THIS SUCCESS IS BECAUSE IT IS NOT A FEDERAL PROGRAM, BUT RATHER A PARTNERSHIP OF THE FEDERAL GOVERNMENT AND THE GOVERNORS OF 13 APPALACHIAN STATES.

AND YET, WE RECOGNIZE THAT IT IS IMPORTANT ALWAYS TO BE LOOKING AT WAYS TO IMPROVE OURSELVES, TO "RE-INVENT" WHAT WE DO SO THAT WE ARE ALWAYS OPERATING AT THE HIGHEST POSSIBLE LEVEL OF EFFICIENCY.

THE A-R-C HAS UNDERTAKEN SUCH AN EFFORT WITH ITS STRATEGIC PLANNING PROCESS, WHICH WILL CULMINATE IN A MAJOR CONFERENCE IN LEXINGTON, KENTUCKY IN JULY.

IN KENTUCKY, WE UNDERTOOK THIS EFFORT OVER A YEAR AGO WHEN I CREATED THE KENTUCKY APPALACHIAN TASK FORCE TO REVIEW HOW THE PROGRAM HAS OPERATED IN EASTERN KENTUCKY AND HOW IT CAN OPERATE EVEN MORE EFFECTIVELY.

MORE THAN 500 PEOPLE PARTICIPATED AND THE RESULT IS THIS REPORT, WHICH WE'VE ENTITLED COMMUNITIES OF HOPE.

IN IT ARE TASK FORCE COMMITTEE RECOMMENDATION ON, AMONG OTHER THINGS, EDUCATION, HEALTH, ECONOMIC DEVELOPMENT, JUSTICE, TRANSPORTATION, TELECOMMUNICATIONS, HOUSING AND GOVERNANCE.

IT IS A PEOPLE'S REPORT , AND WITH THE HELP OF THE A-R-C, WE WILL ADDRESS THESE RECOMMENDATIONS IN THE COMING DAYS AND MONTHS.

THE BOTTOM LINE, MR. CHAIRMAN, IS THAT MY FELLOW GOVERNORS AND I BELIEVE IT IS CRUCIAL FOR THIS PROGRAM TO CONTINUE.

AND FURTHERMORE, I BELIEVE WE OUGHT TO LOOK BEYOND THE MISSION OF THE A-R-C TO EXPLORE WHETHER THE WAY WE OPERATE, THE CONCEPT OF THE FEDERAL-STATE PARTNERSHIP, MAY BE A WAY TO OPERATE OTHER GOVERNMENT PROGRAMS.

THAT IS WHY ALL 13 APPALACHIAN GOVERNORS, RECOGNIZING THE NEED FOR GOVERNMENT TO OPERATE IN THE MOST COST-EFFECTIVE MANNER POSSIBLE, REMAIN COMMITTED TO THE CONTINUATION OF THE APPALACHIAN REGIONAL COMMISSION.

THANK YOU, AND I WOULD BE PLEASED TO TRY TO ANSWER ANY QUESTIONS YOU MAY HAVE.

APPALACHIAN REGIONAL COMMISSION

FISCAL 1996 PROGRAM

As Submitted by the Federal Co-Chairman to the Appropriation Committees of the House of Representatives and the Senate for their use February 1995

APPALACHIAN REGIONAL COMMISSION

Budget Estimates, Fiscal Year 1996

As Submitted by
the
Federal Co-Chairman

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February 1995

APPALACHIAN REGIONAL COMMISSION

SUMMARY OF BUDGET REQUESTS AND APPROPRIATION
(thousands of dollars)

	Request by Activity	1995 Enacted	1996 Request	Increase or Decrease
I.	Appalachian Regional Development Program:			
	A. Area Development	$78,100	$84,055	$+5,955
	B. LDD Support and Technical Assistance	5,300	5,300	-0-
	Subtotal	83,400	89,355	+5,955
	C. Highways	195,000	90,000	-105,000
	Total Appropriations	278,400	179,355	-99,045
II.	Salaries and Expenses:			
	A. Federal Co-Chairman & Inspector General	$1,200	$1,245	+45
	B. Federal Share of Commission Expenses	2,400	2,400	-0-
	Total Appropriations	3,600	3,645	+45
	GRAND TOTAL	$282,000	$183,000	$-99,000

GENERAL STATEMENT AND SUMMARY

BUDGET REQUEST

The Administration's budget request for the Appalachian Regional Development Program for FY 1996 is $183 million. This includes $90 million for the Appalachian Development Highway Program, $89.355 million for the non-highway programs of the Commission and $3.645 million for the salaries and expenses requirements.

The request for $183 million for FY 1996 is a $4 million decrease in the amount requested by the Administration for FY 1995, and a reduction of $99 million from the amount appropriated for FY 1995, but represents a level of activity that will allow the Commission to operate a viable regional economic development program in the 13 Appalachian States.

BUDGET SUMMARY BY PROGRAM

Highway Program. The budget request for the Appalachian Development Highway System is $90 million. This includes $87.4 million for corridors, $1 million for access roads and $1.6 million for administering the program. It is expected that by the close of 1996, a total of 2,360 miles of the 3,025 miles authorized by the Congress will have been placed under construction, of which 2,200 will be complete.

Non-Highway Programs. The budget request for Area Development non-highway programs is $89.355 million. The budget request anticipates a more closely balanced use of the Commission's non-highway programs with equal emphasis on human and physical development projects and business development. Non-highway program funds are generally allocated to the States, which have broad discretion in preparing plans and programs to be funded. The Federal Co-Chairman's goals for the program are as follows. Of the amount requested, $37.375 million would be used for physical development projects, $26 million would be used for human development projects, and $20 million would be used for business development projects. A total of $5.3 million would be used to continue the support of local development districts and the region-wide Commission programs of technical assistance. Federal agencies that assist in administering these programs would require $680,000.

Salaries and Expenses. The request for salaries and expenses, which provides for the 50-percent Federal contribution for Commission staff and the full cost of the Federal Co-Chairman's staff, is $3.6 million. This includes $1.245 million for the Federal Co-Chairman's staff, including the Office of the Inspector General, and $2.4 million for the Federal contribution to the Commission's administrative expenses. The Appalachian Regional Development Act requires that the member States and the Federal government each contribute 50 percent of the staff costs.

The Commission's administrative budget is based on a non-Federal Commission staff of 50 positions in 1996, the same as in FY 1995. The positions are jointly funded by the 13 States and a Federal appropriation, and with the use of prior-year balances will provide a Commission administrative budget in 1996 of $5.275 million.

PROGRAM OPERATION

The Appalachian Regional Commission is a unique Federal-State partnership which was established by Congress in 1965 to bring some 396 counties in the Appalachian Region into the mainstream of the American economy. The Commission was established as a partnership between the Federal government and the thirteen member States. The Federal appropriation is matched on an average of 3 to 1 by state, local and private funds. The Federal Co-Chairman of the Commission -- appointed by the President and confirmed by the Senate -- has one-half of the votes on the Commission and the 13 Governors have the other half. No policy can be set or any money spent unless the Federal representative and a majority of the Governors reach agreement. The ARC model represents neither the dictation of policy from Washington nor the abdication of policy to the States. Rather it is a true collaboration.

The landmark report of the President's Appalachian Regional Commission (PARC) in 1964 said of Appalachia,

> *Graphs and tables can hardly relate the acutely personal story of a child in a remote valley, his horizon of opportunity limited to the enclosing hills; nor the despair of his father, who, idled by forces beyond his control and seeing no prospects of future employment, must live month in and month out with the vision of that child repeating his own history.*

The scope, complexity, and pervasiveness of the problems facing Appalachia made it apparent in 1964 that no existing organization, process, or program could solve them. The Appalachian Regional Development Act of 1965 established the Appalachian Regional Commission as an innovative and unique Federal-State partnership to help Appalachia achieve a better share of national prosperity. The mission for the new agency was broad, befitting the problems in the Region: "to assist the Region in meeting its special problems, to promote its economic development, and to establish a framework for joint Federal and State efforts toward providing the basic facilities essential to its growth." Funds appropriated for Commission programs could be used flexibly for comprehensive purposes — from highway corridors to health clinics — and could specifically supplement and extend grant funds provided by other Federal agencies.

The structure of the Appalachian Regional Commission was designed to ensure Federal, State, and local cooperation to address the needs of the Region. The Region was defined as all of West Virginia and parts of twelve other states--Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia--an area of 195,000 square miles and about 21 million people.

Targeted assistance to the Region first helped to build or renovate its basic facilities such as schools, clinics and hospitals, industrial sites, and libraries; and to strengthen its transportation infrastructure of airports, short line railroads, and highways. Some of the Commission area development programs were widely recognized as national models for development, particularly its pioneering efforts in rural primary medical care that largely eradicated the most severe health problems of Appalachia. The Commission then looked to the future. Today, telecommunications and other technologies are essential elements of infrastructure for a Region that must survive in a global economic environment. The implications are profound for all Commission programs: for the first time in history, a New York or Tokyo business can operate from or to an Appalachian hollow.

Guiding Principles. The major principles guiding the Commission's area development programs are:

- Provide ongoing special assistance to the Region's most distressed counties, and limited assistance in counties which are achieving economic parity with the rest of the United States;
- Address the physical infrastructure, business development, and human resource development needs of the Region;
- Help State and local governments build or sustain conditions for economic development, support local development districts, and assist institutional arrangements that improve government operations;
- Continuously improve the delivery of services to the people of Appalachia by process re-design, benchmarking, and information technology; and
- Develop and maintain strategic alliances with Federal and State government agencies and private entities to foster more productive use of Federal resources.

Strategy Deployment. The approach of ARC's 30th anniversary year (1995) signals the need for careful re-examination of the Commission's goals and operating procedures, because dramatic changes have taken place in Appalachia since 1965. The Appalachian Regional Development Act of 1965 foresaw the need for constant re-direction of ARC programs to keep pace with change. The Act also called for public participation in the re-alignment process and for the convening of regional forums to identify pressing needs and emerging issues. A framework for a management strategy based on the principle of participatory democracy -- the same process that has emerged over the past decade in many public and private organizations -- was embodied in this farsighted legislation.

The decision-making and program development process has always been significant in the interaction between ARC and its State and local partners, but it has never been formally recognized as a program strategy. As part of the observance of its anniversary, the Commission has embarked on a strategic planning process to achieve consensus on a vision for future direction. ARC's State partners, local governments, public and private entities with a stake in Appalachia's well-being, and the people of the Region will all participate. This process will chart

ARC's future course, and it will also define the full scope of managerial and front-line strategies needed to support excellence in ARC "customer service."

Procedures. The Commission will make allocations of appropriated funds among the 13 States for each of the three major programs: highways, area development, and local development districts. Within the area development program, a special allocation is made to nine States for basic services projects in designated distressed counties.

Regional initiatives, which anticipate special opportunities for development in the Region, are also funded out of the Area Development Program. Previous initiatives have included tourism, industrial competitiveness, leadership development, and strategic planning. The Commission anticipates that emphasis in FY 1996 will be placed on three major initiatives which are crucial to development of the Region: (1) internationalization of the economy and its implications for Appalachia; (2) telecommunications; and, (3) leadership and civic development. The Commission programmed $6.2 million for these three initiatives in FY 1995.

Within the State allocations, each Governor will submit for approval specific projects which usually have been developed in cooperation with the multi-county local development districts. The projects are included in the annual State development plans and investment programs which must be approved at a Governors' Quorum Meeting of the Commission, with the Federal Co-Chairman representing the national interest in the Commission's deliberations and decisions. By this blending of States' concerns and priorities with national policy, the Commission makes the joint decisions and determinations that constitute its regional development program.

The Commission has adopted certain funding limitations that apply in addition to applicable statutory requirements. In the distressed counties program, ARC can cover 80 percent of project costs. The majority of the Region's counties are limited to 50-percent funding, except for human development projects. To encourage participation in human development, any of the Region's counties can receive up to 80 percent of the cost for qualifying projects.

From its inception, participation in ARC's unique program has been characterized by mutual respect and bipartisanship among Commission members and a recognition that each member has a vital role to play in ensuring the integrity of the process. Thus, the Commission has had the flexibility to respond quickly and effectively to a wide variety of economic development issues. While much remains to be done, the ARC process has been a key factor in enhanced economic growth and improved quality of life throughout the Region.

The following tables compare, by subprogram, the FY 1996 request with the FY 1995 appropriation.

FY 1996 BUDGET REQUEST BY SUBPROGRAM
(thousands of dollars)

	1995 Enacted	1996 Request	Increase or Decrease
I. Appalachian Regional Development Programs			
A. Highway Program:			
1. Development Highways	$191,600	$ 87,400	$-104,200
2. Access Roads	1,800	1,000	-800
3. Administration and Planning	1,600	1,600	0
Subtotal, Highways	$195,000	$90,000	$-105,000
B. Area Development Programs:			
1. Area Development:			
(a) Physical Development	$ 45,189	$ 37,375	$-7,814
(b) Human Development	23,216	26,000	+2,784
(c) Business Development	9,000	20,000	+11,000
(d) Federal Agency Administration	695	680	-15
2. LDD Support	4,400	4,400	0
3. Technical Assistance	900	900	0
Subtotal, Area Development Program	$83,400	$89,355	$+5,955
Subtotal, Development Programs	$278,400	$179,355	$-99,045
II. Salaries and Expenses			
A. Federal Co-Chairman's Office and Office of Inspector General	$ 1,200	$ 1,245	$+45
B. Federal Share of Administrative Expenses	2,400	2,400	0
Subtotal, Salaries and Expenses	$ 3,600	$ 3,645	$+45
GRAND TOTAL	$282,000	$183,000	$-99,000

TOTAL OPERATING BUDGET

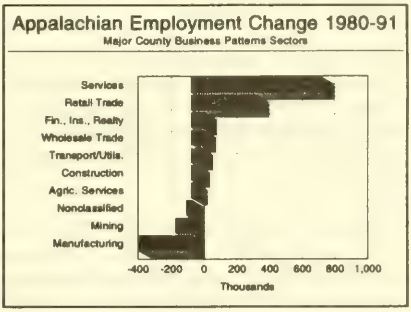
	(Thousands of dollars)		
	1994 Actual	1995 Enacted	1996 Estimate
1. Appropriations:			
Appalachian Regional Dev. Program	245,616	278,400	179,355
Salaries and Expenses	3,384	3,600	3,645
Total Appropriation	249,000	282,000	183,000
2. Other Funding Sources:			
States Contribution to Commission Admin. Expense	2,282	2,400	2,400
States' Washington Office	290	310	310
Repayment of Housing Loans			
Recovery of Prior Year Obligations	5,495		
Total, Other Funding	8,067	2,710	2,710
3. Use of Prior Year Funds:			
A. Unobligated Balances Brought Forward:			
Appropriations:			
Approved, not obligated	19,369	49,484	
Unobligated Highway commitments	23,393	33,846	
Other Balances	20,231	15,718	
Other Funds	1,029	1,006	668
Subtotals	64,022	100,054	668
B. Unobligated Balances Carried Forward:			
Appropriations:			
Approved, not obligated	−49,484		
Unobligated Highway commitments	−33,846		
Other Balances	−15,718		
Other Funds	−1,006	−668	−193
Subtotals	−100,054	−668	−193
C. Unobligated Balances Used	−36,032	99,386	475
4. Total Obligations, Gross	221,035	384,096	186,185

REGIONAL ECONOMIC HIGHLIGHTS

Appalachia, as defined in law, is a diverse region extending over a thousand miles from the southern tier of New York to northeast Mississippi. Altogether, it includes 399 counties comprising West Virginia and parts of twelve other States, and it is home to about 21 million people. To appreciate the diversity of the area, it is useful to think of Appalachia in terms of three subregions: Northern Appalachia, with its mature industrial base; Central Appalachia, long dominated economically by its coalfields; and Southern Appalachia, influenced by its nearby urban centers which have been powerful engines of growth.

Each subregion has distinct socioeconomic and geographic features. While regional developments since the beginning of the program in 1965 have diminished some of the differences among them, national and international changes have affected each subregion differently. Moreover, the 90 metropolitan counties of the Region have generally fared far better than its 309 rural counties. Some deep-seated problems of the Region have been addressed with considerable success, but other challenges remain.

Increased global competition and technological change have resulted in significant restructuring of the industries that have employed Appalachians in the past and the ones that will provide their livelihood in the future. As a whole, the Region emerged from the 1980s nearly matching national average levels of growth in some industries, such as services and retail trade. Declines in manufacturing and mining sectors, however, have disproportionately and severely affected much of the Region, especially where local rural economies had been or continue to be dominated by a few large establishments.


Appalachian Employment Change 1980-91

Major County Business Patterns Sectors

The frailty in the regional economy was reflected in higher than average unemployment rates throughout the 1980s and during the recession in the early 1990s. Regional aggregate unemployment has improved but continues to exceed the national average. While this differential has shrunk during 1994, the current level of Appalachian unemployment continues to exceed the national average. The region substantially closed the gap with the rest of the nation on infant mortality and some education measures, but the 1990 Census revealed a pattern of deepening poverty: during the 1980s, the percentage of Americans living in poverty rose to 13.1 percent, but by 1990 the percentage in Appalachia had jumped even higher to 15.2 percent.

Economic changes in the Region were also reflected in its sluggish population growth. Whereas the nation's population grew by 4.2 percent between 1980 and 1990, the Region's grew by a scant 1.6 percent. During the 1980s the lack of economic opportunity fueled net out-migration of

448,317 individuals. Hence, it is also not surprising that as of 1990 the percentage of younger working-age adults (18-44) and children in Appalachia stood well below the national average.

Per capita income growth in the Region was strong during the 1970s, when the Region began to close the gap with the rest of the country and improved from 80.3 to peak at 83.4 percent of the national average in 1977. During the 1980s, however, the Region slipped further behind as income in some other sections of the country grew rapidly. Between 1980 and 1990, relative income declined from 82.6 to 82.1 percent of the national average.

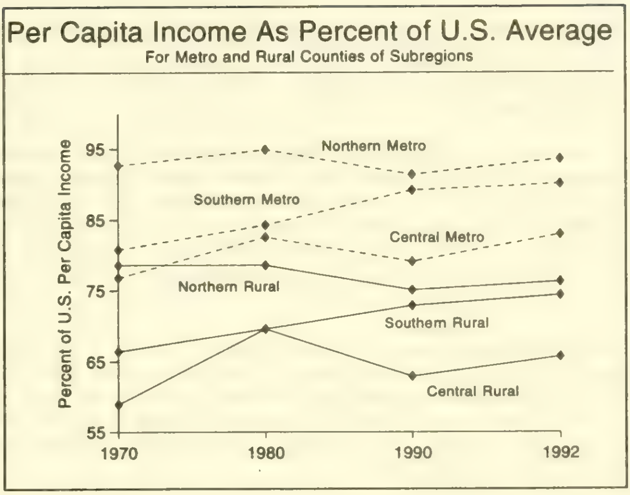
In spite of lagging growth in income levels and out-migration, the Region's educational attainment levels have improved remarkably. For the first time, the percentage of people aged 18 to 24 who have completed 12 or more years of schooling is slightly higher in Appalachia (77 percent) than in the United States (76 percent). However, considerable educational deficits remain in some state parts, and particularly throughout much of Central Appalachia where the average high school completion rate for youth 18 to 24 years old is only 68 percent. Furthermore, only 68.4 percent of Appalachian adults aged 25 years and older are high school graduates compared with 75.2 percent for the US.

A Region of Contrasts

Despite general improvements in the Region, the rural counties of Central and Southern Appalachia, and to a lesser extent the rural areas of the Northern part of the Region, have fared far less well than metropolitan parts of Appalachia. For example, adult high school completion rates are at the national average for metropolitan counties of northern Appalachian, but are still only 59.4 percent for rural Southern Appalachia and only 51.7 percent for rural Central Appalachia.

Poverty rates range similarly from slightly lower than the national average in metropolitan counties of the north and south to worse than average high levels of about 16 percent or more in rural areas of the north and south and almost 27 percent in rural Central Appalachia. Over 20 percent of the youth in northern and southern rural areas are growing up in poverty, and an even higher 34 percent of youth in Central Appalachia live in poverty.

An examination of per capita income growth for rural and metropolitan counties of each of the subregions highlights the contrasts in the Region. Across the Region as a whole, rural Appalachia is poorer than the rest of rural America, and metropolitan Appalachia is poorer than the rest of metropolitan America. In rural Northern Appalachia, per capita incomes have lost ground relative to the national average, while metro areas have gained slightly. In Southern Appalachia, rural areas have gained steadily but slowly to about 74 percent of the U.S. average, and metropolitan areas have gained to almost the levels of northern urban centers. In Central Appalachia, strong gains in the 1970s were largely lost in the 1980s, so that rural counties of that subregion have not yet reached 67 percent of the national average.



The October, 1994 unemployment rates show persistent problems in the poorest and more rural areas of Appalachia. While the national unemployment rate was 5.4 percent, the rate for the highly rural Central Appalachian areas of Virginia and West Virginia stood at 10.2 and 9.5 percent respectively, almost double the national rate. On average, Southern Appalachia had better-than-average unemployment rates because of the strength of its metropolitan centers. Northern Appalachia averaged slightly above the national average, with 6.1 percent unemployment.

The attached maps illustrate the geographic concentrations of high poverty, unemployment, low income, and net migration across the Region. The most severe problems are concentrated in the rural central part of the Region, although the area with the worst problems has shifted somewhat over time and become smaller. Portions of Appalachian Ohio, particularly the southeastern coal area and declining industrialized Ohio River Valley area, now exhibit a level of distress similar to that traditionally observed in Central Appalachia. On the other hand, Appalachian Tennessee, once including some of the Region's poorest areas, is now more economically diverse. Similarly, parts of southwestern Appalachian Kentucky are showing population growth, immigration, and new jobs in textiles, apparel, wood and food products and industrial machinery. Most of Central Appalachia, however, continues to face the most severe economic development problems.

Implications for Development

The differences in social and economic indicators between rural and metropolitan areas and across the subregions reflect the changes in local economies and call for different strategies to encourage self-sustained development in the future.

The northern subregion, including parts of Maryland, New York, Pennsylvania, Ohio, and West Virginia have had the highest incomes, urbanization, education levels, and concentration of manufacturing employment in the Region. However, by the late 1970s it was clear that problems of rising unemployment, outmigration, and obsolescent infrastructure were threatening its traditional strengths.

In 1965, Southern Appalachia was a mix of urban and rural, with manufacturing providing an increasing share of employment. From its base of textiles, apparel, food, lumber and furniture, and tobacco products, the subregion's manufacturing sector has substantially diversified. Diversification has been aided by the auto industry locating new plants in and around Southern Appalachia. The most important influence of all, however, has been the phenomenal growth of several strong urban areas in or just outside the fringes of the Region. Much of the rural south has not shared this prosperity, however.

The 60-county area consisting of parts of Kentucky, Virginia, West Virginia, and Tennessee, that comprises Central Appalachia continues to face long-standing problems of isolation, human development deficits, and job declines in mining. It has little capacity to undertake development of sufficient human and physical infrastructure to sustain healthy and stable local economies. Much of the subregion never recovered after the 1982-83 recession, and it still experiences extraordinarily high poverty rates.

This diversity of the Region amply demonstrates the need for flexibility in programs supporting regional development. There are three kinds of communities that can be defined from an economic development perspective:

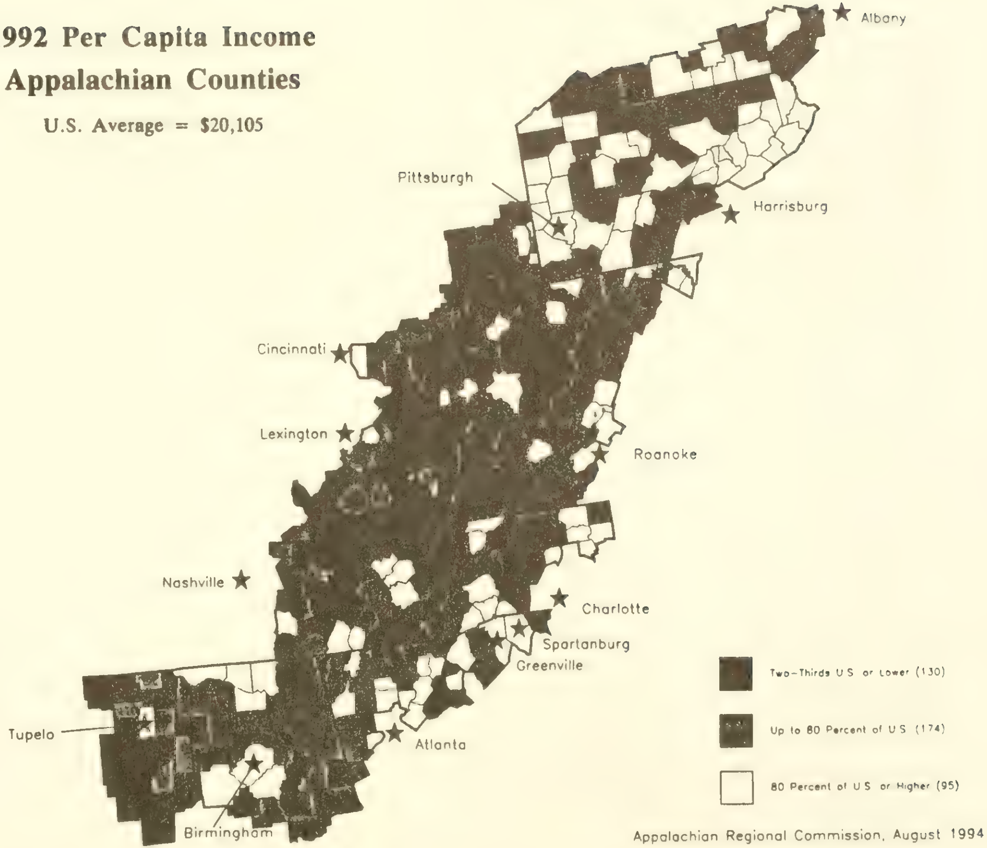
- areas, largely in the Northern subregion, that experience cyclical problems;
- areas where local economies are suffering from structural shifts in traditional industries; and
- underdeveloped and severely economically distressed areas that have little or no capacity for sustained economic development on their own, and which are relatively unable to deal with change.

The emphasis for future development of the Region does not depend primarily on the kinds of industrial recruitment activities that have characterized many programs in the past. Rather than seeking short-term growth, the emphasis needs to be on providing the means for increasing local entrepreneurial activity and locally-grown businesses; on assuring an adequate human resource base to become globally competitive and able to adjust to change; and on building the physical infrastructure that is required to sustain and create economic opportunities. The Commission's programs therefore appropriately stress use of all available resources to improve educational and training systems, expanding business development support and technological capacity, and addressing the need to assure that the Region is not by-passed by the telecommunications "highways of the future" as it was by the roads of the past. Other areas of concern need to the expanding access to credit and capital for emerging businesses and creating new international ties for Appalachian producers. Success will depend in part on continuing to develop the capacity of local leaders to understand the implications of the globalization of the economy, and to be able to facilitate future economic development planning efforts.

In the most distressed and poor areas of the Region that have always had the least prospects for growth, regional development does not always mean a growth scenario in traditional economic development terms. A development priority for these areas is to assure that people and communities have increased potential for participation in the mainstream. Long range investments must be made to assure access to basic human services to achieve that goal.

1992 Per Capita Income
Appalachian Counties

U.S. Average = $20,105

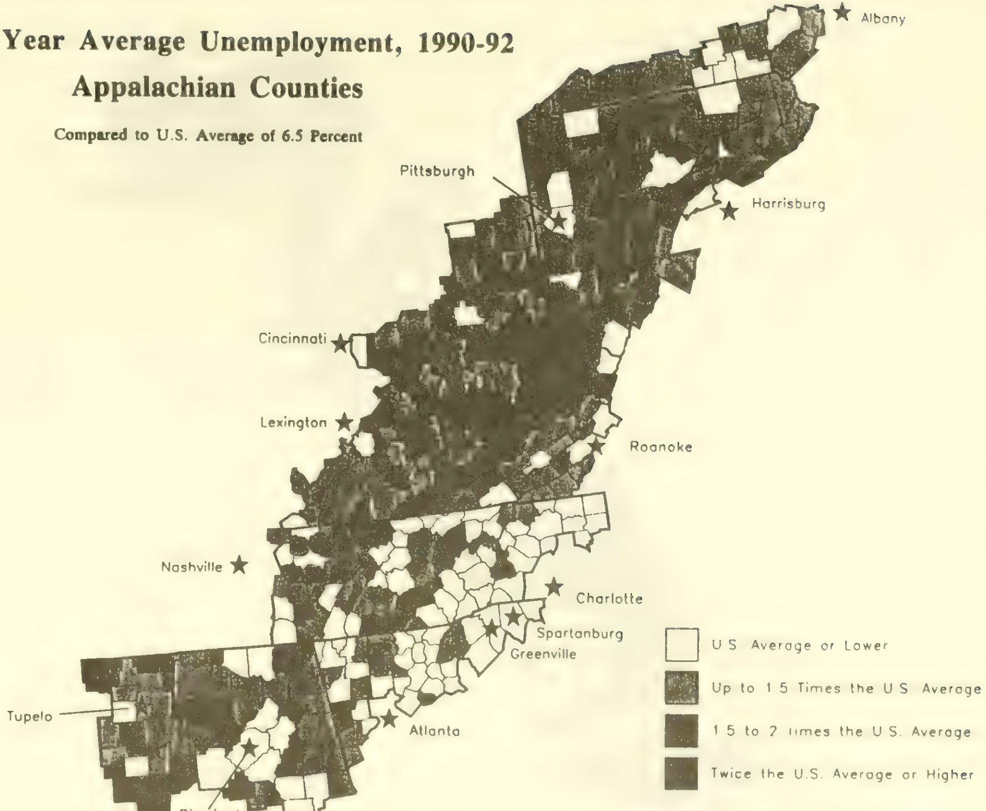


Appalachian Regional Commission, August 1994

Three-Year Average Unemployment, 1990-92

Appalachian Counties

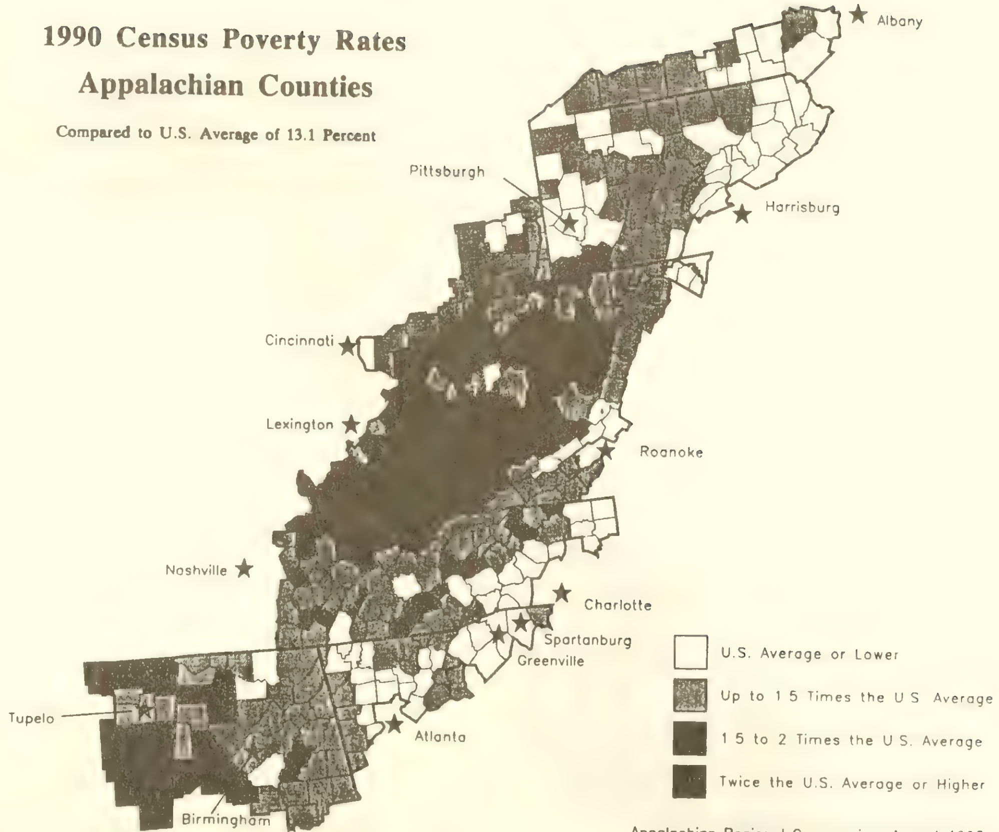
Compared to U.S. Average of 6.5 Percent



Appalachian Regional Commission, August 1993

1990 Census Poverty Rates
Appalachian Counties

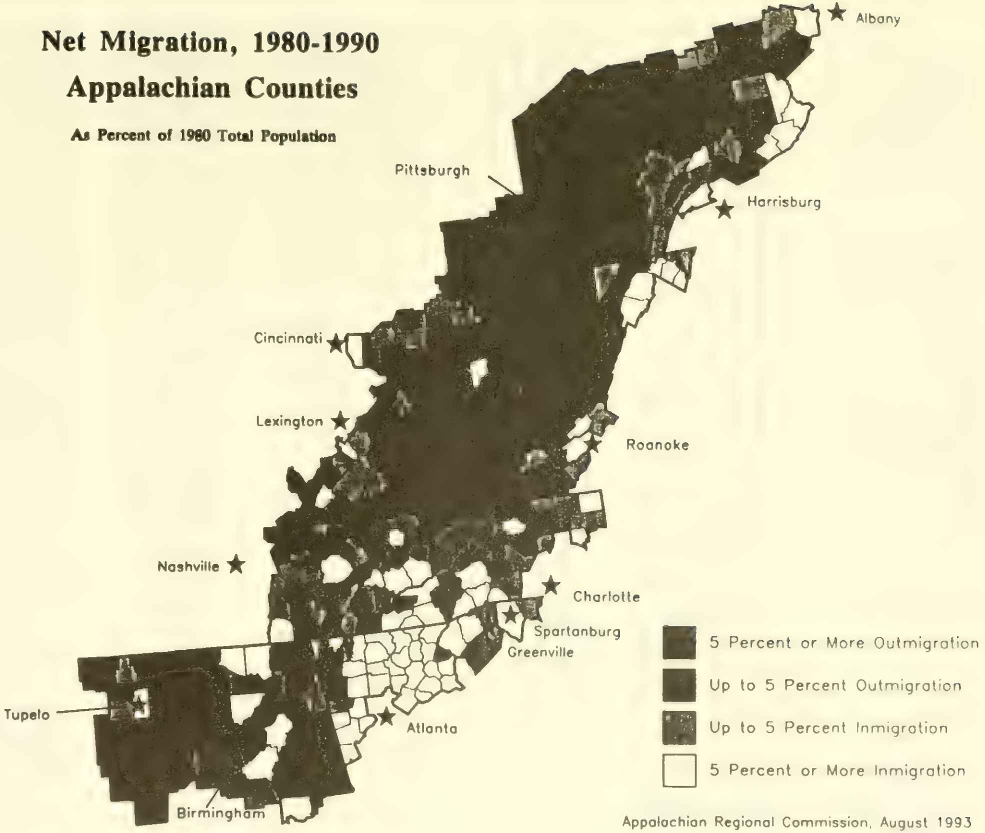
Compared to U.S. Average of 13.1 Percent



Appalachian Regional Commission, August 1993

Net Migration, 1980-1990
Appalachian Counties

As Percent of 1980 Total Population


Albany
Harrisburg
Pittsburgh
Cincinnati
Lexington
Roanoke
Nashville
Charlotte
Spartanburg
Greenville
Atlanta
Tupelo
Birmingham
5 Percent or More Outmigration
Up to 5 Percent Outmigration
Up to 5 Percent Inmigration
5 Percent or More Inmigration

Appalachian Regional Commission, August 1993

APPALACHIAN DEVELOPMENT HIGHWAY SYSTEM

(thousands of dollars)

	1994 Actual	1995 Enacted	1996 Request	Increase or Decrease
Appropriation	$152,327	$195,000	$90,000	$-105,000
Obligations	$141,788	$236,879	$90,000	$-146,879

BUDGET REQUEST

The amount of $90 million is requested to provide for continued progress on the Appalachian Development Highway plan. The funds for 1996 would be used to assist the Appalachian States in contracting for construction, right-of-way purchase, and engineering of a portion of some 749 miles remaining for construction as of September 30, 1994. At that date, 2,276 of the 3,025 miles authorized by the Congress for the system had been contracted for construction, of which 2,107 miles had been completed and open to traffic.

Six corridors are currently completed. They are "I" in Kentucky from Whitesburg to Winchester (126.2 miles); "L" in West Virginia from Beckley to Sutton (West Virginia is constructing four-lane sections initially completed as two lanes) (69.7 miles); "R" in Kentucky from Compton to Prestonsburg (Kentucky Mountain Parkway, an existing route); "B-1" from Greenup, Kentucky to Portsmouth, Ohio (12.6 miles); Corridor "P" from Mackeyville to Milton, Pennsylvania (60 miles); and Corridor "E" from Morgantown, West Virginia to Hancock, Maryland (112.4 miles).

The current short-term priority plan would be to complete Corridor "G" from Pikeville, Kentucky to Charleston, West Virginia (106.8 miles); Corridor "N" from Corridor "E" in Maryland to Ebensburg, Pennsylvania (68.1 miles); Corridor "W" from Greenville, South Carolina to Hendersonville, North Carolina (39.7 miles); and Corridor "X" in Alabama and Mississippi (109.1 miles). In addition, Corridor "D" from Cincinnati, Ohio to Bridgeport, West Virginia would be 98 percent complete (251.6 miles) and Corridor "T" from Erie, Pennsylvania to Binghamton, New York (253.8 miles) will be about 96 percent complete, with the remaining portions consisting of four-lane highways.

Although Corridor "B" would be only 84 percent complete from its termini at Asheville, North Carolina to Portsmouth, Ohio (302 miles), those portions of Corridor "B" in Kentucky and Virginia would be complete. Tennessee has started construction on its remaining sections of Corridor B, and will be finished in 1996. The North Carolina sections of the corridor will not be completed until 1998.

The Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) affects a number of the Appalachian Highway Corridors. A majority of the corridor mileage (both completed and uncompleted) has been placed on the National Highway System (NHS). An estimated 308 miles (10.2 percent) of the ADHS are not on the designated national system. These miles on the NHS qualify for regular highway funds. Several states have already started to combine funding from NHS and ADHS to implement corridor construction. ISTEA also provided funding to specific ADHS corridors under various demonstration and special sections of the Act. Through FY 95 the amount of this funding is $643.3 million. In addition, Section 1069(Y) of ISTEA states that "there is authorized to be appropriated such sums as may be necessary for projects involving construction of, and improvements to, corridors of the Appalachian Development Highway System". Projects to improve and upgrade Route 219 from Springville, New York, to the Pennsylvania border were also made eligible for funding under the Appalachian Development Highway program. However, no additional mileage was authorized in ISTEA to accommodate this last provision.

BUDGET AND PROGRAM COMPARATIVE DATA

The development highway program includes three sub-programs, Development Highways, Access Roads, and Administration and Special Planning, with funding as follows:

Cumulative Obligations
(millions of dollars)

	Thru 1994 Actual	Thru 1995 Estimate	Thru 1996 Request
Development Highways	$3,859.3	$4,050.9	$4,138.3
Access Roads	216.2	218.0	219.0
Administration & Special Planning	37.8	39.4	41.0
Total	$4113.3	$4,308.3	$4,398.3

Annual Obligation Amounts
(thousands of dollars)

	1994 Enacted	1995 Enacted	1996 Estimate	Increase or Decrease
Development Highways	$134,080	$233,479	$ 87,400	-$146,079
Access Roads	6,155	1,800	1,000	-800
Administration & Special Planning	1,553	1,600	1,600	---
-- Subtotal, Net	$141,788	$236,879	$ 90,000	-$146,879
From prior year balance	+10,539	-41,879	--	+41,879
Appropriations	$152,327	$195,000	$ 90,000	-$105,000

Development Highways. Highway programs generally measure their accomplishments in terms of miles completed or placed under construction. In these terms, the program has placed under construction or partial construction 2,276 of the 3,025 mile development corridor system. The mileage summary by state is shown on page 20. As with many other programs, the number of miles constructed for a given number of dollars has decreased sharply since the program was initially authorized due to inflation and revised standards.

The proposed funding would finance a program which, by September 30, 1996, is anticipated to result in a total of 2,360 development highway miles and 915 access road miles either contracted for construction or already completed. Adding the additional mileage for which right-of-way acquisition will have been obligated, there will be at the close of FY 1996 an estimated total of 2,525 development highway miles with obligation commitments. The following table summarizes the current and projected status of highway mileage construction as compared with the maximum mileage now authorized under the Appalachian Act.

Appalachian Development Highway System
Status as of September 30, 1994

	Miles in Category	Cumulative Miles*	%	Miles Est. Sept. 1995*	Miles Est. Sept. 1996*
Construction completed	2,106.5	2,106.5	69.6	2,160.0	2,200.0
Construction underway	169.0	2,275.5	75.2	2,315.0	2,360.0
ROW in process	396.6	2,425.3	80.2	2,475.0	2,525.0
Design begun	304.1	2,976.2	98.4	3,000.0	3,025.0
Total eligible for construction		3,025.0	100.0	3,025.0	3,025.0
Total authorized by Congress		3,025.0		3,025.0	3,025.0

*Includes mileage funded under other Federal programs.

Development Highway Program Background. One of the major factors which contributed to Appalachia's relative economic stagnation was its isolation. This isolation resulted primarily from the difficulties of transport in a rugged region. Roads have been expensive to build and, as a result, roads were built to "follow the topography" in order to minimize costs. Consequently, major national transportation arteries were built to bypass Appalachia rather than go through it. Thus, what evolved in Appalachia was a system of narrow winding roads following stream valleys and troughs between the mountains. The resulting system, characterized by low travel speeds, long travel distances due to the winding roadway pattern, unsafe roads built to poor design standards, short sight distances, and extremely high construction costs, profoundly discouraged commerce and industrial development. With the exception of some communities located on major east-west routes, most Appalachian communities were not able to compete for large employers due to poor access to national markets and because commutation was so difficult that the size of available labor pools was severely limited by the transport system itself.

In response to these conditions, Congress in 1965 authorized construction of the Appalachian Development Highway System to connect major Federal highway arteries and open areas of dense population ignored by interstate routes. The Act authorized "construction of an Appalachian Development Highway System serving the Appalachian Region which, in conjunction with the interstate system and other federal-aid-highways in the Region, will provide a highway system which will open up an area or areas with a developmental potential where commerce and communication have been inhibited by lack of adequate access."

Construction of the Appalachian system, complementary to the interstate routes previously authorized by the Congress, is a key to an accelerated rate of economic growth in the Region. The designated system serves to encourage the location of new industrial and commercial enterprises in the Region. Of equal significance is the fact that many of these highways facilitate commutation from rural but heavily populated areas to jobs in the major communities and cities.

Within the authorizations provided by the Congress, the Commission provided planning allocations to each State in both the development highway and access road programs in advance of the appropriation. With this advance notice of the approximate amount of funds which will be available, States are better able to plan their future construction needs and to initiate, at an earlier time, the design work and right-of-way acquisition necessary before construction can begin. The following table summarizes the allocations of authorizations by the major highway subprograms, dependent upon the receipt of appropriations. These funds are further allocated among the States, but can be adjusted among States so that unused allocations may be utilized by another State which is ready to proceed with construction. The Commission's highway allocation procedure provides incentives for States to more rapidly commit their highway funds. Under this procedure, as much as 30 percent of a lagging State's annual allocation can be transferred without repayment to others who are in a position to commit these funds on their portion of the Appalachia highway system. This aids in assuring continued progress in getting various portions of the system underway.

The following table shows cumulative authorizations and allocations through 1995, along with estimates under the current request:

Authorization and Allocations
(millions of dollars)

	Thru 1994 Estimate	Thru 1995 Estimate	Thru 1996 Request
Cumulative Authorization	$4,407.6	$4,602.6	$4,692.6
Less Authorizations Lapsing	-252.4	-252.4	-252.4
Appropriations:			
Cumulative	4,155.2	4,350.2	4,440.2
Current Year	152.3	195.0	90.0
Allocations by Program: (Cumulative)			
Development Highways	3,891.3	4,083.1	4,170.5
Access Roads	225.1	226.7	227.7
Administration & Special Planning	38.8	40.4	42.0
TOTAL	$4,155.2	$4,350.2	$4,440.2

During 1992, the Commission approved the preparation of a revised cost estimate for completing all segments of the Appalachian Development Highway System. Individual cost estimates are prepared by the State highway agencies in accord with the Federal Highway Administration's Manual of Procedures and Criteria, consistent with the format of prior cost estimates of the system in 1966, 1972, 1976, 1979, and 1987. The cost estimates have been completed and at its February 1993 meeting the Commission adopted the new cost estimate to be used as the basis for a revised allocation formula starting in FY 1994. The total cost estimate for completing the system is $4.8 billion. With Commission resources alone, at the current level of appropriations, the system could not be completed in the foreseeable future. If all funding from all other sources were continued at the current level, it is possible that the system could be completed in 2005.

The Commission has adopted a system for the several allocations to the States with major principles as follows:

- In order to provide advance notice to States on the estimated amount of funds that might then be available to the Commission, the Commission has, after each new authorization, allocated funds for both the development highway and access road programs by State through the period of new authorization. Presently these allocations, based upon appropriations to date and the Commission's priority plan, have been projected through FY 1995.

- Based upon actual appropriations, ARC issues final allocations at the beginning of each fiscal year. Each State's final allocation consists of two portions: a base allocation consisting of 70 percent of the total; and a supplemental allocation consisting of the remaining 30 percent.
- To assure continued progress on the highway system, States able to utilize more than their total allocation are permitted to do so if other States are not able to use all of their allocation.

The system has worked well in encouraging a fast pace of construction among the States. Over the last nine years, virtually all available development highway corridor appropriations have been obligated. At the same time, highway construction prefinanced by the States, which was nonexistent in 1976, rose to $117 million in 1979, $274 million in 1988, $211 million in 1991, $219 million at the close of 1993, and $213 million at the close of 1994.

Development Highway Program Effects. The record now makes clear the basic importance of the highways to the economic development of the Region. Even though the full system is far from complete, the Appalachian Development Highway System impacts are already considerable:

- Industries and businesses have grown along the highways;
- Enterprises not directly along the highways were strengthened by the dramatic opening up of the Region by the highway system;
- The Appalachian Development Highway System is a vital link in moving Appalachian coal and other products to domestic and foreign markets; and
- The costs and difficulty of extending health, education, and other services in the Region were reduced by the highways.

During 1981, ARC surveyed the 13 Appalachian States and the 68 local development districts in Appalachia to assess the impact of the highway system. The surveys provided the most accurate count ever taken of the industries located on or near the Appalachian Development Highway System corridors. The surveys showed that since 1965, when the corridor system was first announced, 182,700 jobs had been created in 801 manufacturing plants with 50 or more employees within 30 minutes of the corridors. Added to this is an estimated 32,300 jobs in smaller plants for a total of 215,000 jobs. Standard projections of one service job created for each manufacturing job suggest that 215,000 jobs in retail trade, commercial establishments, and various services have been opened up along the corridors, for a total of over 430,000 jobs. A 1987 survey, using a different approach, showed that between 1980 and 1986, 560,000 jobs were created in the Appalachian counties with a major highway compared with 134,000 jobs created in counties without a major highway. The number of expanding firms was also greatest (9,800) in counties with a major highway compared with the number (3,000) in counties without a major highway.

Access Roads. The Commission's access road program has been an essential ingredient in the Commission's program to assist economic development in the Region. Unlike the development highway program, which is an entire system planned in advance, the access road program consists of individual projects to meet specific local needs separately submitted by the States and individually approved by the Commission. Access roads are projects that must have a demonstrable economic relevance which provide essential access such as to an industrial site or park. They are normally two-lane facilities -- less than one or two miles or a bridge -- with Federal assistance of up to 80 percent of total cost.

The Act presently authorizes up to 1,400 miles of access roads. About 1,030 miles are expected to be approved through FY 1996 with about $1 million anticipated for obligation in FY 1996. The last general allocation for the program was made in FY 1987. States may currently shift a limited portion of their Development Highway allocation into the access road program, (as well as for area development). Nine states transferred $1.6 million for access roads and $7.1 for area development in FY 1995.

To meet requirements in several States for special access roads not included in the current access road allocations, the Commission had authorized a limited utilization of development highway allocations for special development access roads to be individually approved by the Commission. To be eligible for approval, a development access road was to meet a high regional priority, such as the facilitation of energy development or the provision of service to multi-state or other development projects of high regional significance, and possess significant prospects for providing high "benefit-cost" yields in terms of new job opportunities. The Commission also authorized States needing additional authorization to receive portions of authorizations unused by other States. States receiving authorization must fund the projects from their own development highway allocations. As projects were approved, the allocations were transferred to the access road program for program accounting.

After the individual access road projects are approved by the Commission, the projects are obligated by FHWA when the State or local government is authorized to proceed with the work. Since design and right-of-way acquisition precede advertising for bids for actual construction, there is a considerable time lag before funds are obligated. Through September 30, 1994, 486 projects with a total cost of $357 million including ARC assistance of $221.1 million had been approved, of which $216.2 million had been obligated. Some 873 miles of access road projects were completed, and an additional 18 miles were underway. See the table on the following page.

Access Road Approvals and Obligations
(thousands of dollars)

	Thru September 1994 Actual	Thru 1995 Estimate	Thru 1996 Request
Approved Projects	$221,055	$226,000	$227,000
Obligated Projects	$216,192	$218,000	$219,000
Annual Obligations	$6,155	$1,800	$1,000

Administrative and Other Costs. Administration of the program is primarily through the Federal Highway Administration, which handles the details of the construction program. For this purpose, the program finances a staff of 17 persons, primarily in the field offices of the Federal Highway Administration. During FY 1996, administrative costs are estimated at $1.6 million of which $1.475 million provides for project administration of the program in the Federal Highway Administration and $125,000 for staff and computer costs at ARC.

The attached tables contain additional data for the Highway program.

APPALACHIAN DEVELOPMENT HIGHWAY SYSTEM
MILEAGE SUMMARY

CUMULATIVE STATUS AS OF SEPTEMBER 30, 1994

State	Total Corridor	Eligible for Construction	Design completed or underway	ROW For Construction completed or underway	Construction completed/ underway*	Construction completed**
AL	244.4	232.4	232.4	211.9	150.7	115.0
GA	135.0	128.8	131.9	101.5	101.5	101.5
KY	579.9	431.7	416.0	389.5	372.2	355.9
MD	86.8	83.2	77.0	77.0	77.0	77.0
MS	119.8	116.8	206.8	115.2	82.8	73.5
NY	255.3	219.5	194.3	204.1	204.1	201.3
NC	206.3	203.6	194.3	158.3	155.5	151.9
OH	289.0	201.6	177.8	164.0	148.7	146.0
PA	510.5	454.4	305.9	241.6	233.7	217.8
SC	30.7	22.9	22.9	16.8	16.2	16.2
TN	338.4	327.8	301.5	282.5	276.2	227.8
VA	202.0	191.3	176.9	159.2	156.2	150.7
WV	424.5	411.0	311.9	303.7	300.7	271.9
TOTAL	3,422.6	3,025.0	2,672.1	2,425.3	2,275.5	2,106.5
Estimated Status:***						
September 30, 1995			2,900.0	2,475.0	2,315.0	2,160.0
September 30, 1996			2,930.0	2,525.0	2,360.0	2,200.0

* Includes 87 miles of construction prefinanced by States.

** Includes completion of partially constructed segments, e.g., two lanes paved. Of the total completed mileage 2,107 miles have been opened to traffic.

*** Includes miles funded under other Federal programs.

APPALACHIAN HIGHWAY PROGRAM OBLIGATION NEEDS
State by State Summary
(thousands of dollars)

Development Highways	Obligated thru 1994	Est. State Capabilities thru 1995	Estimated Obligations thru 1995	1996 Estimate
Alabama	$275,629	$358,645	$320,566	$328,301
Georgia	114,458	151,516	119,139	123,639
Kentucky	557,447	638,043	579,447	589,344
Maryland	148,539	159,733	150,282	152,523
Mississippi	148,171	164,708	150,037	152,435
New York	299,782	317,488	304,127	308,083
North Carolina	180,393	190,396	188,192	195,666
Ohio	142,630	197,074	149,170	155,444
Pennsylvania	573,577	589,892	587,478	601,713
South Carolina	19,340	25,695	20,574	21,786
Tennessee	380,059	468,381	393,671	406,692
Virginia	150,720	155,384	154,268	157,687
West Virginia	861,179	976,873	975,812	986,850
Adjustments and Slippage	7,369	----	----	----
Subtotal	$3,859,293	$4,393,828	$4,092,763	$4,180,163
Access Roads	$216,192	218,000	218,000	219,000
FHWA–Admin.–Misc	37,791	39,391	39,391	40,991
TOTAL	$4,113,276	$4,651,219	$4,350,154	$4,440,154
Appropriations Available	$4,155,154	$4,350,154	$4,350,154	$4,440,154
Amount Prefinanced	212,570 *	215,000	215,000	220,000
Unobligated Balances	41,879	----	----	----

*Additional Prefinanced Amounts:

Georgia	$37,058
Kentucky	70,596
Maryland	1,877
Mississippi	7,132
New York	17,705
Tennessee	73,539
Virginia	4,663
TOTAL	$212,570

AREA DEVELOPMENT PROGRAM

Area Development Request
(thousands of dollars)

	1994 Actual	1995 Enacted	1996 Request	Increase or Decrease
Appropriation	$87,986	$78,100	$84,055	$ +5,955
Obligations	$68,517	$133,750	$84,055	$-49,695

The budget request for area development programs for FY 1996 is $84.055 million, an increase of $5,955 thousand over the amount appropriated for FY 1995. Of the amount requested, $37.375 million is expected to be used in physical development projects for clean water, community improvement, low income housing, and local government services. An amount of $26 million is expected to be used to tackle human development problems including education and health, while $20 million is expected to be used to help develop small businesses and enterprise skills and opportunities in the Region.

Request by Program Type
(thousands of dollars)

Program Type	1994 Actual	1995 Enacted	1996 Estimate	Increase or Decrease
Physical Development	$48,052	$45,189	$37,375	$-7,814
Human Development	10,886	23,216	26,000	+2,784
Business Development	8,943	9,000	20,000	+11,000
Administration	636	695	680	-15
	$68,517	$78,100	$84,055	$ +5,955

FY 1996 AREA DEVELOPMENT PROGRAM

Area development funding is used to increase the momentum of economic progress and to help the regional economy be more competitive, while continuing to assist the poorest communities in providing basic services and a decent quality of life for their residents. Emphasis is placed on three sets of activities. Physical development includes community infrastructure, such as water, sewer, access roads, and housing, and improvement in delivery of State and local government services. Human resource development includes education, job training, child care, health, leadership development, community institution building, and community service. Business development provides support for programs of management assistance, enterprise education, technology transfer, market development, export promotion, business networking, and financing.

Complementing these activities are the Commission's regional initiatives, which are targeted programs that address new opportunities in Appalachia. Past initiatives have included telecommunications, tourism, adult literacy, industrial competitiveness, and strategic planning. The Commission anticipates that emphasis in FY 1996 will be placed on three major initiatives which are crucial to development of the Region and which are funded at $6.2 million in our FY 1995 program: (1) internationalization of the economy and its implications for Appalachia; (2) telecommunications; and, (3) leadership and civic development. The internationalization initiative focuses on opportunities to increase exporting from rural Appalachia in light of recent developments in trade agreements (GATT and NAFTA). Telecommunications infrastructure is critical because it cuts across all areas of development and can be used to link rural areas to world markets. The leadership and civic development initiative will attempt to build the capacity of communities to work together to solve local problems. In addition to Commission support for these initiatives, the Appalachian States are also encouraged to use portions of their Area Development allocations in these areas.

We are also currently undertaking a strategic planning initiative. It is anticipated that new program needs will be defined by the Region's citizens and Commission members through this process. Major tasks in the strategic planning initiative include: (1) a socioeconomic review of the region; (2) area development program and policy review; (3) consultations with experts, scholars, grantees, government officials and community groups to elicit information on internal operations, the effectiveness of the partnership, and policy direction; (4) field meetings/forums with the public; and, (5) intergovernmental relations study. Funding for regional initiatives comes from the broad program categories under area development.

Special efforts are made to leverage public and private funding for Commission supported programs, and, where possible, to use communities in the Region to pilot new State and national initiatives. This year, Commission staff worked with interagency committees and local sponsors on initiatives such as Empowerment Zones/Enterprise Communities, the National Rural Development Initiative and State Rural Development Councils, and Americorps. Staff has worked on interagency and State task groups on tourism, transportation, small business, leadership, strategic planning, and public finance. The Commission has been represented at numerous meetings with public interest groups, community based organizations, foundations, private citizens, and businesses on issues of concern to Appalachian residents. These activities often result in the identification of additional resources or opportunities for communities and residents of Appalachia. At the same time, other organizations and agencies are able to benefit from the applicable experiences and research activities of the ARC.

INVESTMENT AREAS FOR FY 1996

Physical Development Program. This category includes infrastructure, housing, and assistance to local governments for more effective delivery of programs and services. The budget provides $37.375 million for this program, with distribution as follows:

Physical Development Program
(thousands of dollars)

	FY 1994 Actual	FY 1995 Enacted	FY 1996 Request
Infrastructure	$47,492	$40,189	$32,375
Local Government Assistance	560	5,000	5,000
	$48,052	$45,189	$37,375

Human Development Program. A funding level of $26 million for FY 1996 would enhance the Commission's efforts to tackle some of the Region's most intractable problems, through programs in education, workforce training, child care, community service, health care, and telecommunications/distance learning. Distribution of project funds is estimated as follows.

Human Development Program
(thousands of dollars)

	FY 1994 Actual	FY 1995 Enacted	FY 1996 Request
Vocational Education / Training	$4,890	$5,000	$9,000
Education / Health / Telecommunication	5,996	18,216	17,000
	$10,886	$23,216	$26,000

Business Development Program. The budget request provides $20 million for business and enterprise development activities in FY 1996, anticipating a broad range of program requests tailored to the needs of the various subregions within Appalachia, as well as region-wide initiatives in export and competitiveness strategies for new and existing industries; for tourism development; and for enterprise education. The anticipated significant increase in this category reflects a higher priority for business development in State and regional economic development.

Administration by Other Agencies. Since many of the individual projects will be administered by other Federal agencies, an amount of $680,000 is requested for their administrative expenses, a small reduction from the amount appropriated for FY 1995.

Distressed Counties. The Commission provides special assistance to help the Region's most distressed counties from a special annual allocation that can only be used by the State for designated counties. This special allocation, about 20 percent of area development funds available, can be supplemented from a State's regular area development allocation. Additionally, designation permits funding by the Commission of up to 80 percent of eligible project costs rather than 50 percent, as for projects in non-designated counties. A list of counties currently designated as distressed in FY 1994 is provided at the end of this chapter, along with a map showing the location of distressed counties.

A discussion of each of the area development programs for FY 1996 follows.

Physical Development .... $37.375 million

Physical development funding assistance is available for a wide array of community based projects, including basic infrastructure, local government assistance, community improvement, and housing development. Public works projects must either directly relate to job creation or retention, or be key to implementation of an adopted strategic plan. Exceptions are made for basic services in designated distressed counties.

The funds requested for FY 1996 are expected to provide:

- $20 million for water and wastewater improvements in about 80 small towns and rural communities. Special encouragement will be given to development of public and private programs that assist self help efforts and promote technologies appropriate to remote and hard-to-serve communities. Funding of water and sewer projects helps meet the need for water and sewer grant assistance for-hard-to-serve rural communities and low-growth jurisdictions, as identified by the Office of Technology Assessment, GAO and others. A 1993 survey by ARC staff indicated that $5.6 billion would be needed in Appalachia by the year 2008 for conventional waste treatment facilities. Preliminary studies by the Economic Research Service at USDA indicate that much of the Region has a significantly higher percent of housing with inadequate plumbing than national levels, despite the dramatic progress that has been made. Whenever possible, ARC funding will be used to complement and prime the funding available from other agencies, particularly USDA's "Water 2000" initiative, and EPA's State revolving loan funds for water and wastewater facilities.

- $9 million for community improvement and redevelopment projects, such as adaptation of abandoned schools or industrial buildings for new business development, incubator space or multi-tenant uses; recycling initiatives and development of regional landfills and solid waste collection programs; minor flood control improvements and similar projects. Projects selected for funding must meet local and State planning and development objectives, and there must be a commitment to job creation or retention in projects that create usable space. About 25 projects are assisted annually.

- $3 million to stimulate low- and moderate-income housing production. In the past, the Commission's housing program provided initial technical assistance for development of State housing finance agencies in about half of the Appalachian States. The program now provides site development assistance to lower costs of production due to problems of distance and topography. Assistance is also provided for innovative local housing projects targeted at low- and very low-income families and individuals. These projects may provide indoor plumbing facilities or home repairs; provide home ownership opportunities through special financing programs and counseling programs; or involve innovative multiple partnerships in the delivery of housing. ARC funding is expected to assist approximately 900 units of housing in FY 1996.

- about $5 million to all thirteen States for projects that improve the delivery of State and local government services. This funding category includes projects for joint purchasing, local government consolidation, strategic planning, circuit rider programs, geographic information services (GIS), development of ordinances for growth management and zoning, interlocal agreements on operation of regional landfills, water quality studies, and similar activities.

Examples of basic infrastructure projects recently funded include:

- a $430,282 grant in Kentucky for construction of 31.1 miles of water line to serve 530 households in Johnson and Lawrence counties. Nearly 65 percent of samples taken from existing water wells and individual treatment units were found to be contaminated by coliform. As a result, many families have been buying and hauling all water for cooking and drinking. More than 57 percent of the beneficiaries of the project have low to very low incomes, according to HUD/CDBG guidelines.

- a self-help project in Connelly Springs, North Carolina, using contributed labor of the townspeople to extend municipal water service to new customers who previously relied on well water that was contaminated with minerals. As the first self-help project of its kind in North Carolina, the project is serving as a pilot for other small communities in the area. TVA is assisting ARC with management of the project, and the community also received technical and financial assistance through the Ford Foundation for the initiative.

- a $500,000 grant to help correct sewer line infiltration and inflow problems for the City of Wartburg, Morgan County, Tennessee. The poor condition of the current collection system has resulted in numerous problems. During storms and in wet weather seasons, lines conveying sanitary wastes become surcharged and manholes overflow with raw sewage. Flows to the wastewater treatment plant exceed twice the plant's capacity and partially treated sewage is being discharged into nearby recreational streams. The community has also been cited by the State for inadequate sludge disposal.

- a $600,000 ARC grant to construct a new water treatment plant in Grantsville, West Virginia. All public drinking water in Calhoun County and southern Ritchie County originates in the Grantsville plant, which currently serves 1,157 customers. The current plant was built in the 1950's and is at capacity, with much of the area yet unserved. The new plant will assure the quality of drinking water for current customers and allow for some growth in the customer base. The service area is predominately low and moderate income, and unemployment rates ranged up to 30 percent in 1993.

The following are examples of infrastructure projects that directly serve economic growth and job creation or retention strategies:

- a grant of $229,000 to the Town of Caryville in Campbell County, Tennessee, will be used for construction of water and sewer improvements that will promote private development and create tourism jobs at the Royal Blue/I-75 interchange. Two motels, a fast food chain, a resort hotel with conference facilities and golf course, and 50 residential lots will be served by the utilities provided. The resulting development represents a private investment of approximately $10 million and is expected to create more than 100 jobs in this economically distressed county.

- a grant of $528,000 to Allegany County, Maryland, to assist in the rehabilitation of the former Kelly-Springfield tire manufacturing plant in Cumberland, Maryland, for use as a multi-tenant industrial park. Project activities include demolition of structures, renovation of several buildings, access improvements, and cleanup and disposal of waste materials. Between five and seven new companies are expected to occupy the space within four years of completion. Biederlack of America, Inc., a German-owned manufacturer of blankets, is currently expanding their Allegany County operations into the new industrial park, with an initial capital investment of $637,500 for a total of 290 jobs in the community.

Recent housing grants have been used for projects such as:

- the Appalachia Service Project, Inc. (ASP) in Lee County, Virginia. ASP built five new single family homes for families that could not qualify for conventional loans because of their financial situation, but were otherwise good credit risks. ASP arranged zero to five percent first mortgages by combining financing from ARC, the Virginia Housing Partnership, Dominion Bank, the Federation of Appalachian Housing Enterprises, and funds raised through capital campaigns. In some cases, sweat equity was used as a down payment. Construction costs were kept low by using ASP's construction crew, supplemented with volunteer labor and donated materials. New homeowners were counseled by trained staff on aspects of home ownership. The project received the Maxwell Award of Excellence from the Fannie Mae Foundation last year.

- the housing programs of the Garrett County Community Action Committee (GCCAC) in Maryland. GCCAC recently used a $270,000 ARC grant to renovate space in an existing surplus school in Oakland, to provide housing for nine elderly individuals in a sheltered housing setting. Residents in the project have incomes below 50 percent of the State median. Nine other agencies participated in the school renovation project, providing space for a senior center, a day care center, and several Head Start programs.

Human Development .... **$26 million**

Upgrading the skills of the workforce as an investment in long-term economic growth remains a priority objective of ARC's program. Increases in the education level of the workforce and in the advancement of technology, which is achieved through education, can be directly correlated to gains in the Gross National Product. Today's workplace demands highly flexible education and training systems and close coordination between business and education to provide training relevant to today's market demands.

In FY 1993, the Commission invested over $18 million in Human Development and Business Development projects to strengthen the Region's educations systems, improve the Region's health, and increase competitiveness of Appalachian businesses through information technology and skills upgrading. These programs continued in FY 1994, along with new initiatives to address the National Education Goals, including professional development for the Region's teaching force as one of the most direct ways to improve the quality of education, and education readiness, since quality preschool programs offer the most cost-effective strategy for lowering the school dropout rate. This FY 1996 budget is the first to describe human resources and business development as distinct categories of the Commission's area development program.

FY 1996 Program. In FY 1996, the Commission intends to direct additional funds to increasing Appalachia's human resource base, a strategy aimed at developing capacity for self-sustained Regional growth. Specific program strategies will include assisting the Region's poorest areas, where educational opportunities are most limited, and promoting projects in such areas as math and science education, mentoring, school-to-work transition, and upgrading curricula with telecommunication technology. This objective will be reinforced by continuation of the leadership and management program initiated in FY 1994.

Program Goals. The program's major effort is vocational education and training, requiring an estimated $8 million. The remaining $18 million is aimed at other efforts to strengthen human resources. Major program goals for FY 1996 will include:

- ***Workplace Literacy***. Much of the Region's workforce has serious problems with reading, writing, math and other basic skills that affect job performance. Based on past successes in North Carolina and South Carolina, the Commission can fund worksite literacy projects which would train 3,000 employees for $1 million. Services provided through on-site literacy projects would include basic skills and English as a second language; adult secondary education; upgrading workers' competencies in speaking, listening, reasoning, problem-solving, and mathematics. These projects would also provide educational services directly related to improving job performance and productivity.

- ***Adult Literacy.*** Functional illiteracy remains a serious problem in the Region, affecting up to 45 percent of the Central Appalachian population. The Commission intends to expand its program of mini-grants to literacy councils, libraries, and school systems to address this problem. Funds would provide for expanded hours of operation and additional hardware, software, books, and tutors. Region-wide, 8,000 to 10,000 adults can be served for $1 million or less.

- ***Preschool and School Readiness.*** Support for quality preschool programs is a highly cost-effective strategy for lowering the drop-out rate and helping at-risk children become more effective learners and producers. For every $1 spent on a comprehensive and intensive preschool program, society saves up to $16 in the long-term costs of welfare, remedial education, teen pregnancy, and crime. A comprehensive program costs approximately $1,700 per child. The Commission would invest $2 million to serve 800 children, including not only education but also home visits, parenting education, medical care, and nutrition assistance (the Head Start model).

- ***Total Quality Management and Process Improvement.*** Today's marketplace requires continuous improvements in process for business to remain competitive. Many new theories, systems and practices are not available to small businesses in isolated areas. The Commission can work with communities to package programs for the private and public sectors. Programs are structured so that the employee or business pays all expenses and two-thirds of the training cost. Total Quality Management and Process Engineering training for 6,000 employees would cost $2 million.

- ***Professional Development for Educators.*** Under the Goals 2000 Educate America Act, professional development for teachers has been added as one of two new goals. The Commission's FY 1993 demonstration program for 200 teachers can be expanded to 500 teachers. The program is an intensive one-week effort on state-of-the-art instructional strategies, organization development, and team building. A one-year follow-up networking component is an integral part of the program. Approximately $1 million would go to this effort.

- ***Health.*** Recruitment and retention of rural primary care physicians continues to pose a significant problem throughout Appalachia. Over the years a host of programs have attempted to attract physicians and allied health professionals, in most cases with limited long-term success. The programs the Commission has worked with (National Health Service Corps, State scholarship, and loan repayment, J-1 Visa, etc.) are based on some kind of quid pro quo. The Commission plans to develop a regional program that builds a corps of primary care physicians committed to practice in underserved rural communities. This would be accomplished by cultivating medical student and resident interest in primary care and rural medicine. Such a program would complement existing medical school curricula. Modeled on North Carolina's Rural Health Scholars Program, this project would cost approximately $3 million.

- ***Telecommunications.*** The Commission can provide $3.5 to $4 million in grant assistance to fund the anticipated growth in telecommunications projects. These projects would improve school curricula, increase availability of medical care in isolated areas, develop export markets, link university professional education programs with isolated communities, and develop strategic telecommunications plans. Another $1.3 million ($100,000 per State) will be made available for planning grant assistance to assist each State in the development of new State and interstate telecommunication networks. Multi-state telecommunication systems would become part of the proposed National Information Infrastructure Highway network.

- ***Leadership and Civic Infrastructure.*** This initiative addresses concerns expressed by regional representatives that many communities need strategies to help them better articulate and meet their basic needs before they can benefit from other development initiatives. The goal of this initiative is to build the capacity of communities to work together to solve local problems. The strategy will include building on the ARC Leadership and Management Program by funding follow-up technical assistance to communities; providing funding to communities that went through the Federal EZ/EC application process but did not receive funding, and assisting other communities in completing their strategic plans; and, fund the start up or the improvement of organizations such as community development corporations or other key community building organizations.

Past Years' Accomplishments. The Commission has supported a wide range of projects that enhance each other to help Appalachia's work force compete in the national economy and to get the next generation ready to become a skilled part of the work force. The following are examples of some of these projects that cut across development categories to support the Region's human infrastructure.

Telecommunications. For over two decades the Commission has advanced the Region's education goals through investments in telecommunications. Telecommunication technologies that have evolved over the past 10 years have changed the entire focus of these projects. They now serve many sectors of the community simultaneously over a single network. In many communities the hospitals, universities, and traditional high school facilities are now linked together by fiber optics, or dedicated telephone lines, to provide enhanced in-service education, adult education, license renewal education programming, shared data information services, tele-video medical "consultation" services, and a variety of general public service programs. The private sector has used these new networks to do in-plant workforce training, professional staff development, and continuing education for licensing of CPA's, insurance, and banking professionals. The networks have also been used to train police and fire fighting professionals and other public sector human resource personnel.

Workforce Training. Given the strong link between education and economic development, ARC projects aim to upgrade workers' skills and improve the quality of education and training for those students who will not attend college. Statistics indicate that, in order to keep pace with rapid changes in technology and the workplace, adult workers will change jobs and even careers several times during their working years. In 1990, it was estimated that more than 4 million Appalachians over the age of 25 had received neither a high school diploma nor a GED and that another 4.7 million had not gone beyond high school. These alarming statistics have led ARC to emphasize projects centering on the workplace as a site for continuing improvement of basic skills and for upgrading technical skills, as well as development of entrepreneurial and management skills.

Meeting the National Education Goals. For decades, mainstays of the Appalachian economy were basic manufacturing and mining, which provided jobs requiring minimal formal education or training. Many communities traditionally attached little importance to education. The end result is an education deficit that threatens the Region's economic future. To help correct this imbalance, to develop the highly skilled and motivated workforce needed to achieve economic growth and to ensure that all Appalachians can compete for jobs wherever they choose to live, ARC has undertaken a number of projects that directly address the nation's education goals, set at the bi-partisan Education Summit in 1989 and in subsequent legislation. They include focusing resources on school readiness, lifelong learning, high school completion, and math-science achievement.

Adult Literacy. Functional illiteracy among Appalachian adults is estimated to be as high as 30 percent. Among unemployed Appalachians, the rate is estimated to reach 46 percent. To address the low education attainment of many adults and in response to industry's intensified demand for basic skills, ARC has funded volunteer-based workplace literacy and other adult basic education programs.

Professional Development for Educators. Teachers are on the front lines of the national effort to reform education and make it relevant to the demands of today's global economy; yet most States allocate relatively few dollars for improving teachers' skills. A 1993 report by the National Conference of State Legislators emphasizes the urgency of greater investment in teacher training; the need is especially critical in rural areas where teachers are isolated from resources. In 1996, ARC plans to sponsor two teacher training demonstration programs designed to upgrade teachers' knowledge of subject matter, use a case study approach to provide practical experience in new techniques, follow up on teachers' progress through telecommunications or teleconferencing and train participants to train other teachers when they return to their schools.

Leadership and Management Development. At the beginning of FY 1994, ARC sponsored its first Region-wide training course for mid-level managers, the "Leadership and Management Program" in Roanoke, Virginia. The program attracted more than 500 participants to its seminar sessions. It was offered to Appalachian managers, supervisors, and executives to give the Region's communities and their industrial, service, business, and government organizations access to the modern management techniques that have helped major U.S. corporations regain a competitive foothold in the global marketplace. Similar programs are planned for FY 1996, one in West Virginia and one in Alabama.

Community Service. Youth leadership and community service projects provide opportunities for the Region's youth to learn to identify and address community needs through work with public and private community organizations. The aim is to challenge young people to become active, empowered individuals willing to join in community life and to assume responsibility for the community's well-being. Appalachian youth have participated in work involving leadership training and development, peer counseling, economic and physical development, and child development.

Health. The Commission has long been a strong advocate of health care investments as part of a balanced economic development program. As a partner with the States and the Federal government the Commission played a major role both in expanding primary care facilities and improving health manpower throughout the Region. Because of substantial progress in the Region, the Commission gradually reduced its funding for health care programs in the mid 1980's and established infant mortality reduction and maintenance of health services as broad Regional initiatives.

In 1989 the Commission adopted its Rural Health Program as a way to protect past gains and to ensure continuity of care for all Appalachians. ARC found that renewed attention to rural health was warranted because major changes in reimbursement systems, medical technology, Federal manpower programs, and medical malpractice insurance were negatively impacting the cost and organization of health care. The Rural Health Program has been successful in focusing investments in the areas of infant mortality, manpower recruitment, and rural partnerships.

Since 1990 the Commission has spent more than $4.5 million on health care. In FY 1994 the Commission invested $1.1 million in meeting the Region's health care needs. Projects ranged from a $41,250 dental care expansion effort in Hancock County, Tennessee, to a $381,000 preventive health care effort in Pike County, Kentucky.

Child and Elder Care. Most employers carefully consider the availability of good child care when evaluating a site as a possible business location and when interviewing prospective employees with young children. In the early years of the Commission's program, ARC was committed to funding comprehensive day care as a necessary step in the development of healthy, education-ready children. Today, ARC projects in this area are designed to encourage employers to participate in providing this service. Although there is a growing need for preschool education combined with child care, Appalachia still lags the nation in providing preschool programs. For example, in central Appalachia 55 percent of children aged three and four are not enrolled in a preschool program, compared with 39 percent nationwide.

The need for elder care programs continues to increase. More and more, employers are finding their middle-aged workers coping with the care demands of two generations--their children and their parents. The Commission allows funding for demonstration programs in elder care, foreseeing this as a problem whose full potential for workplace disruption has just begun to emerge.

Business Development .... $20 million

In the past, Appalachia has been characterized by its isolation and its dependency on outside resources for its economic well being. As improvements in health, education, and community infrastructure take hold, the Region increasingly has looked for new opportunities to become economically competitive and to create jobs and wealth from within. In the past, the Commission has provided grant support for a broad range of programs tailored to the needs identified by States for business development, including management assistance, technology transfer, market development, and financing. In FY 1995, the Commission intends to engage in program development for Region-wide initiatives in export and competitiveness strategies for new and existing industries; for tourism development; telecommunications; enterprise education; and the development of "homegrown" small- and medium-sized businesses. As a result, it is anticipated that demands for funding in this category of assistance will grow in the foreseeable future.

During FY 1996, the Commission intends to provide:

- a Region-wide export program, now under development. The program is expected to help States better address the special problems of rural Appalachian industries in developing the opportunities made possible by NAFTA, the new GATT, and transformations in foreign markets. Specific activities may include: development of programs to build export awareness in rural business communities and to synthesize delivery of technical and financial services needed for these businesses to become players in the international market; projects to build market development into services of industrial modernization centers serving rural areas; promoting opportunities for citizen diplomacy through opportunities such as Sister-State relationships, or developing training programs in delivery of public service for emerging democratic states; providing a clearinghouse and dialogue for rural export consortia; and similar activities.

- regional promotion of business networks and related initiatives to enhance the competitiveness of key industries in the Region. The experience of the Commission to date highlights the importance of understanding not only the individual industrial sectors and their spatial distribution across the Region, but also how firms in specific sectors are linked in clusters or value-added chains whose members can strengthen or weaken each other and who can benefit jointly from new markets, products, and technology.

- continuing development of the tourism industry. In FY 1995, the Commission intends to explore with the States, local residents, and businesses, specific opportunities for tourism enterprise development along Appalachian Corridor L in West Virginia. This activity would be expanded to other sections of the Appalachian Development Highway System in FY 1996. The Commission, also, would continue to pursue multi-state marketing opportunities with State tourism offices and the private sector tourism providers. In all of its tourism related activities, the Commission seeks to forge closer ties between Federal, State, and local tourism interests and economic development practitioners.

- exploring the potential for region-wide initiatives to improve the rate of micro-enterprise formation and success. While increased capital availability is an element of a potential regional strategy, there is evidence that very often management problems of small businesses are disguised as capital problems. Accordingly, any Commission initiative will need to focus on ways to provide management technical assistance to micro-businesses.

- development of "enterprise communities" through community forums and strategic planning, enterprise education opportunities at all learning levels, development of mentorship programs between existing businesses and youth and/or new entrepreneurs, identification of value-added or distance-linked business opportunities, development of a model for delivery of consolidated business assistance services in rural communities, and identification of public and private partners for major development opportunities.

- projects addressing specific State strategies, such as: development of business and financing capabilities at the substate (LDD) level; feasibility and marketing studies for State targeted industries; development and initial operating expenses of micro-enterprise funds; capitalization or recapitalization of business revolving loan funds (RLFs); technology transfer and modernization efforts, and the like.

Examples of recently funded business development programs include:

- grant support of $50,000 to continue the Rural Entrepreneurship through Action Learning (REAL) program in Mingo, Raleigh, Roane, and Hampshire counties in West Virginia. The purpose of REAL is to teach high school, community college and college students how to set up and operate their own business. Local and State extension service personnel provide ongoing technical assistance and administrative support to sustain the program.

- funding of $25,000 to extend the Mountain Microenterprise Fund (MMF) into the western North Carolina counties of Madison, Henderson and Transylvania. The purpose of the MMF is to assist low- and moderate-income individuals who wish to start or expand economically viable micro-businesses. MMF provides a group environment where small business owners, who otherwise would be unable to get financing from traditional institutions, analyze and decide on each others' loan proposals. Each small business is given peer support and on-going technical assistance. ARC funds are being used to support staff and administrative costs in the target counties. The program is expected to create 80 new jobs.

- site specific technical assistance, such as: a feasibility study for a Meat Goat/Sheep production and marketing program in the Southern Tier of New York; exploration of the use of mine water discharge for aquaculture production for The Conservation Fund, Freshwater Institute in West Virginia; a forestry technical assistance project in Kentucky that focuses on replanting on surface mined lands, use of sawdust for medium density fiber board, and value added processing and new product development.

- support for an annual program of State level initiatives in Pennsylvania, including an international conference, small business assistance fairs, a technical assistance program aimed at women business owners, and continuation of funding for the enterprise development programs of the six Pennsylvania LDDs. The LDD programs include financial packaging and access to State and district level RLF funding; procurement technical assistance for sales to government at all levels and matchmaking services within the Commonwealth of Pennsylvania; export marketing assistance; technical assistance to business incubators; and special training opportunities on technology transfer and modernization, ISO 9000, starting a small business, and SBIR programs.

Administration of Area Development Program .... $680 thousand

Under the area development program, the Commission intends to continue to approve individual projects under the terms of the applicable sections of the Act. The individual projects, as in the past, are then administered and monitored by those Federal agencies which, under the Appalachian Act, have been given the responsibility for administration and the Commission reimburses some of these agencies for their cost in administering the program. The estimate for FY 1996 is $680,000, down $15 thousand from FY 1995. The Commission expects to review all of its interagency agreements for project administration in FY 1995 to update and refine provisions. The table on the next page summarizes these estimated costs.

	Administration (thousands of dollars)		
	1994 Actual	1995 Enacted	1996 Estimate
Health and Human Services	$238	$239	$240
Department of Education	132	137	140
Infrastructure Grants:			
RDA	166	150	150
TVA	100	100	100
Other and Contingencies	---	69	50
TOTAL	$636	$695	$680

Designated Distressed Counties

The following 115 (of 399) counties in the Appalachian Region are currently designated for special assistance as Distressed Counties, because they qualify under the following criteria:

(1) Counties have all three of the following economic indicators:

- Per capita market income no greater than two-thirds (67 percent) the U.S. average;
- Three-year unemployment at 150 percent of the U.S. average or greater; and
- Poverty rate which is at least 150 percent of the U.S. average; or

(2) Counties have at least twice the national poverty rate plus one other economic indicator.
Currently, Distressed Counties include:

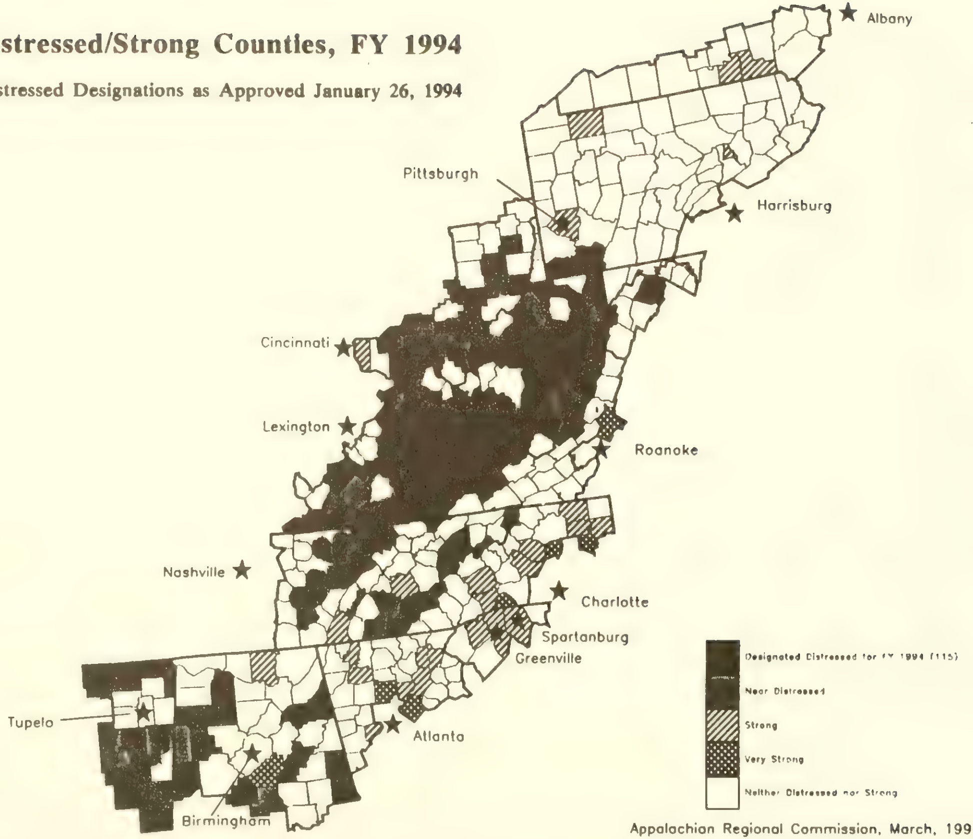
- Alabama -- (7) Bibb, Fayette, Lawrence, Marion, Pickens, Talladega and Winston

- Kentucky -- (38) Bath, Bell, Breathitt, Carter, Casey, Clay, Clinton, Cumberland, Elliott, Estill, Floyd, Harlan, Jackson, Johnson, Knott, Knox, Lawrence, Lee, Leslie, Letcher, Lewis, Lincoln, McCreary, Magoffin, Martin, Menifee, Monroe, Montgomery, Morgan, Owsley, Perry, Pike, Powell, Rockcastle, Rowan, Wayne, Whitley, and Wolfe
- Mississippi -- (12) Alcorn, Benton, Chickasaw, Choctaw, Clay, Kemper, Marshall, Noxubee, Oktibbeha, Tippah, Tishomingo, and Winston
- North Carolina -- (3) Cherokee, Graham, and Swain
- Ohio -- (10) Adams, Athens, Harrison, Meigs, Monroe, Morgan, Perry, Pike, Scioto, and Vinton
- Pennsylvania -- (2) Fayette, Greene
- Tennessee -- (8) Campbell, Cocke, Fentress, Grundy, Hancock, Johnson, Meigs, and Scott
- Virginia -- (5) Buchanan, Dickenson, Lee, Russell, and Wise
- West Virginia -- (30) Barbour, Boone, Braxton, Calhoun, Clay, Fayette, Gilmer, Jackson, Lewis, Lincoln, Logan, McDowell, Marion, Mason, Mingo, Nicholas, Pleasants, Pocahontas, Raleigh, Randolph, Ritchie, Roane, Summers, Taylor, Upshur, Wayne, Webster, Wetzel, Wirt, and Wyoming

The following map illustrates the geographic concentrations of these severely distressed counties in the Region.

Distressed/Strong Counties, FY 1994

Distressed Designations as Approved January 26, 1994



Appalachian Regional Commission, March, 1994

LOCAL DEVELOPMENT DISTRICTS AND TECHNICAL ASSISTANCE PROGRAM

Local Development Districts and Technical Assistance
(thousands of dollars)

	1994 Actual	1995 Enacted	1996 Request	Change from 1995
Local Development District	$4,380	$4,400	$4,400	$-0-
Technical Assistance	580	900	900	-0-
TOTAL	$4,960	$5,300	$5,300	$-0-

LOCAL DEVELOPMENT DISTRICT PROGRAM .... $4.4 million

The Appalachian Regional Development Act, from its inception, clearly recognized the key role of multicounty planning and development agencies in economic development. In the beginning, they were primarily planning and coordination agencies. Over the years, they have expanded their role to that of service provider and organizational support to their member units of government.

The local development districts remain a basic element in the ARC program. They work with member governments and local citizens to determine local needs and priorities. Over the past few years, they have expanded that role to assume responsibilities arising from transferring Federal programs to States and localities. Local governmental units are relying more and more on districts in implementing services and reducing costs to the local governments. They are also beginning to promote and actively pursue public/private partnerships in the development of programs to strengthen the local economy.

While they are attempting to continue the role of planner, program developer, and grantsman, they are also pursuing increased activities and involvement in such areas as tourism, geographic information systems, telecommunications, and small business and enterprise development programs.

The local development districts are filling the most pressing need in the entire rural development initiative; namely, the "building of local capacity". Local development districts are the mechanism for ensuring that small governments have the capacity to compete for Federal and State funding and promote rural development. They provide competent support staff to member governments to plan, initiate, and implement projects at the grassroots level.

The $4.4 million represents the amount of support the Commission feels is needed to support the 69 LDDs in FY 1996.

In addition to the overall administrative support for the districts, ARC is also helping them become better prepared for their expanded roles and responsibilities by sponsoring seminars and training programs. Out of the technical assistance program, a grant is being used for training programs to strengthen the LDDs, their staff and operations, and their member units of government. The districts have successfully completed the following regional training programs:

- Geographic Information System (GIS) - its use and importance in regional planning and economic development activities;
- Innovative Financing of Infrastructure Projects - concentrating on the options related to bond financing, certificates of participation, etc.;
- Strategic Planning - basic understanding of and application techniques for implementing strategic planning at the county or multi-county level;
- Financial Management - intense series of seminars intent upon strengthening the financial management operation. Topics ranged from Federal Circulars to Cost Allocation Plans to Audits to Detecting Fraud and Abuse; and
- Personnel Management - a four-day workshop intended to strengthen the overall management operation of the districts.

As a result of these training programs, technical assistance groups of knowledgeable LDD personnel have been formed and are available to assist other LDDs in implementing their ideas and new programs. To help encourage this process, the Commission has also made funding available that allows personnel from the districts to be reimbursed for travel expenses while traveling to another district for assistance in identifying or implementing a new program initiative.

The tables on the next page show currently approved funding amounts by state and fiscal year.

Funding Amounts by State
(thousands of dollars)

Basic Support Program Amounts	No. of LDDs	1994 Actual	1995 Enacted	1996 Estimate
Alabama	7	$413	$413	$413
Georgia	6	339	338	338
Kentucky	9	514	507	507
Maryland	1	110	110	110
Mississippi	4	246	240	240
New York	3	243	243	243
North Carolina	6	366	366	366
Ohio	3	162	253	253
Pennsylvania	7	524	516	516
South Carolina	1	158	158	158
Tennessee	5	359	363	363
Virginia	6	380	325	325
West Virginia	11	566	568	568
Special Support	--	--	--	--
TOTALS	$69	$4,380	$4,400	$4,400

Funding by Fiscal Years
(thousands of dollars)

1993	215	--	--
1994	4,165	--	--
1995	--	4,400	--
1996	--	--	4,400

COMMISSION TECHNICAL ASSISTANCE $900,000

The amount of $900 thousand is requested for Commission technical assistance, the same amount requested since FY 1993. Technical assistance projects cut across ARC program lines and provide the Commission member States and others with information to assist policy and program development. The two major components of the program are program area research and regional analysis to monitor and assess factors affecting the Appalachian economy. In addition, the Commission may support technical assistance efforts by sponsoring regional conferences and workshops on important regional development topics.

Program Area Research. Priorities for program area research are developed annually by the Commission. Beginning in FY 1992 the Research Program has anticipated the development of strategic regional initiatives and focused on telecommunications technology in rural development infrastructure, tourism, industrial competitiveness, and strategic planning. Funding for these initiatives has often followed the Commission's major annual regional conference. After the November 1992 conference, the Commission awarded six grants to consortiums of industry associations, educational institutions, and nonprofit organizations to undertake demonstration projects that address competitiveness issues facing Appalachian manufacturing firms, their workers, and the communities in which they are located. Four projects will focus on enhancing the flow and use of industry information to firms and business assistance providers, and two will deal with the design and development of innovative worker training programs. Funding was also approved for a proposal to provide evaluation of the initiative. Tourism development is emphasized as a special initiative because of the future importance of the industry to Appalachia and to take advantage of the unique opportunities to attract tourists who will be attending the Olympics in Atlanta, Georgia in 1996. Other areas for research concern include international competitiveness and exports, the children of Appalachia, and business and industry analyses.

The following are examples of projects completed during the past fiscal year.

When Low Wages Aren't Enough Anymore: Prospects for Remote Branch Plant Regions in the International Economy. Changes in international trade competition will affect Appalachia's branch plants (manufacturing facilities owned by multi establishment corporations) in the textiles, apparel, food processing, and automotive parts manufacturing industries. This study shows that these four industries in the Region are not well positioned to meet global competition. The stability and longevity of a branch plant is related to its origin: whether it was internally established by the parent corporation or acquired as part of a corporate merger. In two-thirds of the Appalachian States, the share of establishments comprised of branch plants exceeds the regional average. Almost one-third of all establishments in South Carolina are made up of branch plants, compared with only 17 percent in Pennsylvania. Appalachian Alabama, North and South Carolina, Georgia, and Mississippi are highly dependent on large nonlocally owned employers.

Building Capacity for Interfirm Cooperation in Four Appalachian Regional Commission States. Manufacturing networks or interfirm collaboration has gained recognition as a versatile and significant approach for achieving industrial modernization. Kentucky, Maryland, Virginia, and West Virginia collaborated to promote the use of manufacturing networks in rural areas. The result was four to ten public and private representatives from each State becoming a learning network, formulating joint projects, and exchanging information. Five workshops were held that covered objectives of industrial modernization and the ability of networks to promote those objectives, identified major trade and business organizations and interfirm collaborations, created and managed collaborative projects, examined the different approaches that States can use to promote networking among manufacturing firms, and developed a State plan for promoting manufacturing networks.

Geographical Information Systems in Appalachia. The Commission has supported GIS in local development districts to enhance their planning capabilities for economic development. A four-volume report published by the Commission describes the capacity of GIS in the Region's LDDs, including types of hardware and software in use, the status of database development and applications, staffing and organizational arrangements, development costs, and types of training received by GIS personnel. Major applications such as emergency 911, tax mapping, and land use planning are described. It also discusses cooperative arrangements and presents anecdotal cases on GIS program development. A typical training agenda is formulated and the potential benefits of establishing a program are quantified. An overview of developing GIS technology and its future is discussed. The report also lists governmental GIS users in each LDD and gives sources for database maps.

Children in Appalachia: Current Conditions and Recent Trends 1990. In 1990, there were about 5 million Appalachian children. As a percentage of the Region's total population, children represent about a quarter of the residents, although their numbers have declined by 11 percent since 1980. This report contains tabular and graphic summaries of 1980 and 1990 county-level census data on income and poverty, household structure, education, and population by age group. Some of the findings include: 78 percent of Appalachian children live with two parents, compared with 75 percent for the U.S.; about one in five children live below the poverty line, however younger children, black children, and those living in mother-only families are more likely to live in poverty; and family incomes in Appalachia ($37,827) average considerably below those of families in the United States ($46,878).

Regional Analysis. The Commission is a unique repository of information about the entire Appalachian Region and its economy. It compiles, maintains, and analyzes data on the Region from county level information collected by the US government and others. The data are used to compare Appalachia with the rest of the United States on important measures like industrial composition, population change, migration, labor force, income, and poverty. Regional analysis activities enable the Commission to continually assess social and economic factors affecting the Region, to assist policy and program development, and to provide information about the Region to the States, Congress, and the public. Examples of work completed under regional analysis include the following.

Distressed and Top-Performing Counties. Since Commission policy in part addresses the most severely distressed areas of the Region, data are assessed annually to describe the strongest and weakest areas. The Commission analyzes data from the 1990 Census to determine how the distressed counties have fared over time and to consider updated designations of eligible counties or other program policies. In the past, three indicators, the latest per capita market income, the 1990 poverty rate, and the latest three-year average unemployment rate, have been used as a composite variable to analyze the performance of the nation's and Appalachia's counties. This analysis enabled the Commission to test the appropriateness of its designations of distressed counties in ARC programs. The analysis divided counties into five performance categories which were mapped to identify clusters of distressed and strong areas in the United States. The maps have been used by the public and private sector to assess the strength of the economies in different parts of the nation.

Employment Change by Industry Sector. The Commission continues to compare changes in the Appalachian economy from the early 1980's to the present. An analysis of Appalachian employment by industry between 1980 and 1991 shows growth has not occurred uniformly and its pace varies across areas. The Region is still more dependent than the United States on manufacturing employment, but that dependence has declined from 37 percent of total employment in 1980 to 27 percent in 1991. About 20 percent of the nation's workforce in industries covered by County Business Patterns reporting was employed in manufacturing in 1991. The subregions experienced the greatest swings in employment change over the decade.

Northern Appalachia lost manufacturing jobs and replaced them with service jobs in the 1980s. Income levels ceased to grow as fast as in the nation because the new jobs were lower paying. Central Appalachia witnessed a decline in population, jobs, income, and the civilian labor force, especially in the coal fields and the Ohio Valley. However, even in Central Appalachia, not all economic change was negative. Central Tennessee and the southwestern portion of Appalachian Kentucky experienced positive economic growth spurred by new manufacturing plants. Southern Appalachia gained population, jobs, and civilian labor force. By 1991, there were more manufacturing jobs in Southern Appalachian (1,028,000) than in Northern Appalachia (703,000).

SALARIES AND EXPENSES

Salaries and Expenses
(thousands of dollars)

	1994 Actual	1995 Enacted	1996 Request	Change from 1995
Appropriation	$3,384	$3,600	$3,645	$ +45
Obligations	$3,175	$3,888	$3,645	$-243

The salaries and expenses appropriation provides for the full cost of the Federal Co-Chairman and immediate staff and the contribution by the Federal government of fifty percent of the administrative expenses of the Appalachian Regional Commission. It also provides for the full cost of operations of the Office of Inspector General. The budget request for 1996 is for $3.645 million.

Salaries and Expenses
(thousands of dollars)

	1994 Actual	1995 Enacted	1996 Request	Change from 1995
1. Federal Co-Chairman:				
A. Immediate Staff	$722	$ 800	$ 825	$ +25
B. Inspector General	380	400	420	+20
Subtotal, Federal Co-Chairman	$1,102	$1,200	$1,245	$ +45
2. Commission Administrative Expenses (50 percent Federal contribution)	$2,282	2,400	2,400	-0-
Appropriation	3,384	$3,600	$3,645	$ +45
Use of prior year balance	-209	+288	-0-	-288
Total Obligation	$3,175	$3,888	$3,645	$ -243

FEDERAL CO-CHAIRMAN AND STAFF

The request of $825,000 for the Federal Co-Chairman and staff provides for a Federal staff of eight persons with their related travel, personnel benefits, and other costs. The Federal Co-Chairman's staff is paid entirely by the Federal government and assists in carrying out the Federal Co-Chairman's responsibilities including handling relationships with other Federal agencies, the

Congress and the States and the financial management of the Appalachian Regional Development Program as delegated by the President.

INSPECTOR GENERAL

The Inspector General Act Amendment of 1988 (P.L. 100-504) required ARC to establish an independent Office of Inspector General in FY 1989. The Inspector General reports directly to the Federal Co-Chairman.

The Office of the Inspector General requests $420,000 in funding for FY 1996, including a slight increase over the total requested for FY 1995. The level requested is necessary to maintain the current level of Office of Inspector General operations, which includes a variety of headquarters and grantee reviews that are performed by permanent and contract audit staff.

APPALACHIAN REGIONAL COMMISSION ADMINISTRATIVE EXPENSES

While the expenses of the Federal Co-Chairman's immediate staff are paid solely by the Federal government, the thirteen States of the Appalachian Region have responsibility for providing one-half of the administrative expenses budget of the Appalachian Regional Commission. The States' share is provided through contributions from each of the thirteen Appalachian States. The table below reflects the status of all administrative costs of the Commission staff.

ARC Administrative Expenses
(thousands of dollars)

	1994 Enacted	1995 Request	1996 Request	Change from 1995
State Contribution	$2,282	$2,400	$2,400	$ -0-
Federal Contribution	$2,282	2,400	2,400	-0-
Prior year balances used	23	339	475	+136
TOTAL OBLIGATIONS	$4,587	$5,139	$ 5,275	$ +136

The requested Federal contribution, when matched by State contributions and the use of prior year balances, will provide a budget for 1996 totalling $5.275 million, an increase of $326,000 from 1995. This will support a staff of 50 persons, down from a peak of 115 persons in 1980. The estimates by object class are as follows.

ARC Administrative Expenses

	(thousands of dollars)			
	1994 Actual	1995 Enacted	1996 Estimate	Change from 1996
Personnel Compensation	$2,433	$3,029	$3,057	$ +28
Personnel Benefits	572	605	702	+97
Travel	95	105	115	+10
Rent to others	573	660	645	-15
Communications, Utilities, etc.	92	165	115	-50
Printing	112	160	172	+12
Other Services	619	295	327	+32
Supplies	71	90	92	+2
Equipment	20	30	50	+20
TOTAL	$4,587	$5,139	$5,275	$+136

The rationale for the requested increase in salary and benefits is to anticipate small payroll increases which the member States are required to match, costs of the Commission incentive pay program, and an anticipated periodic special payment of $90,000 into the Commission non-federal retirement program. Significant savings have been achieved in some areas of operations, particularly communications. Increases in other costs reflect increases of inflation and increased activity, plus the need for the Commission to significantly improve its ADP systems.

Office of the Executive Director. The Executive Director is the chief administrative officer of the Commission staff. He has responsibilities for carrying out the administrative functions of the Commission, for direction of the Commission staff and for assisting the Commission and the States in carrying out the Appalachian Regional Development Programs. This office is responsible for the overall direction of Commission staff in the execution of Commission policy including program development and the review of State plans and project applications from the States. Further, the Executive Director serves as principal Commission staff advisor to the States and Federal Co-Chairman on matters relating to Commission programs. Also, the Commission's Personnel Office is directly under the administration of the Executive Director's Office.

Program Operations. This unit comprises two divisions organized by program activities to handle the Commission's responsibilities for implementing the Appalachian Regional Development Programs at the Federal, State and local level. These divisions are Community Development and Human Resources Development. Activities within these divisions include education, training and manpower recruitment, community development for distressed counties, and the area development programs. This unit is also responsible for supervising the Commission's technical assistance programs. The Program Operations unit is responsible for the review, analysis, and processing of all project proposals submitted by the States for funding, for the provision of technical services to the States and the local development districts, and for program monitoring and evaluation.

The professional and support personnel assigned here make this the largest operating unit within the Commission. Its major responsibility is to provide expeditious handling of project funding requests, including the provision of technical assistance to State and local applicants.

Program Support. Supporting services for the planning and operating elements are provided by two units: Office of General Counsel, and the Office of Finance and Information Services. The Office of General Counsel provides legal review of projects and proposals and prepares all contracts. Upon request, the office also counsels the Federal Co-Chairman and individual State members on legal matters pertaining to their activities.

The Office of Finance and Information Services performs all financial, accounting, and auditing review functions for the Commission's program and administrative operations, as well as the monitoring and administration of the Commission's Revolving Loan Funds program. This unit further provides for the development of management, operating and regional socio-economic data relating to Commission programs, and maintains central data files for the Commission. This unit is also responsible for supervising the Commission's technical assistance, regional research, and analysis programs. Procurement, supply, clerical, and other support services are also the responsibility of this division.

RELATIONSHIP OF ADMINISTRATIVE TO PROGRAM COSTS

The Appalachian Regional Development Program is unique in that it conducts a number of diverse programs involving several Federal agencies and bureaus. In conducting these programs, the agencies perform varying administrative functions for which they are reimbursed from the program appropriation.

The costs range from minimal amounts in some supplemental grant programs where the various agencies primarily process and disburse the ARC grant as an adjunct to their basic grant, to the significant costs in programs where Commission-financed projects constitute the bulk of work done. The following table shows by program the related Federal administrative costs. The current Federal administrative and other staff costs in 1995 of $6.183 million are equal to 1.62 percent of the program's total costs. The thirteen State members will also have contributed $2.4 million toward the Commission's expenses in 1995. Even with these costs, the percentage of administrative cost of total Federal appropriations is only 2.25 percent.

Activity	Federal Program Costs	Administration Costs	Total Obligation
	FY 1995 (thousands of dollars)		
1. Appalachian Regional Development Program:			
A. Highways	$235,279	$1,600	$236,879
B. Area Economic and Human Resources Development Program	133,055	695	133,750
C. LDD and Technical Assistance	6,531	---	6,531
Subtotal	$374,865	$2,295	$377,160
2. Salaries and Expenses	---	3,888	3,888
TOTAL FEDERAL COSTS	$374,865	$6,183	$381,048
Percent of Cost	98.38	1.62	100.00

TUESDAY, FEBRUARY 28, 1995.

TENNESSEE VALLEY AUTHORITY

WITNESSES

CRAVEN CROWELL, CHAIRMAN

WILLIAM H. KENNOY, DIRECTOR

JOHNNY HAYES, DIRECTOR

Mr. ROGERS [presiding]. We are pleased to welcome you to the subcommittee. We have Craven Crowell, the Chairman of the Tennessee Valley Authority; and Bill Kennoy, Director; and Johnny Hayes, Director, and your staffs. We will be happy to hear your opening remarks and then we will proceed with questioning.

Mr. CROWELL. I have submitted testimony to you for the record and I thought I might abbreviate that to some extent if that is okay with the Chair.

Mr. ROGERS. That is fine.

OPENING STATEMENT—CRAVEN CROWELL

Mr. CROWELL. Thank you, Mr. Chairman.

My colleagues on the Board of Directors, Johnny Hayes and Bill Kennoy, and I are pleased to meet with you today. The Tennessee Valley Authority is a unique Federal corporation serving the southeast of the Nation. TVA is known for its highly competitive electric power system. We also control floods, manage Federal lands, ensure the safety of dams and carry on other responsibilities important to the Nation's economic strength.

Because TVA is a Federal corporation, and part of the rapidly changing electric utility industry, we are driven by the same sense of discipline, the same business philosophy, that makes a private corporation successful.

As a successful corporation, we work to give the best possible service at the lowest feasible price. As a world-class corporation, we measure our progress and improve our performance using benchmarks and key business indicators. As an innovative corporation, we avoid duplicating the work of other State or Federal agencies. And as a competitive corporation, we keep a sharp focus on our customers and their requirements.

Our customers are your customers, because American taxpayers are the ultimate customers for every penny Congress appropriates to us.

We appreciate your duty, Mr. Chairman, in your re-examination of government operations, to ensure that our customers are getting full value for their money.

Today, we welcome this opportunity to explain the full value of TVA, starting first with TVA's power system.

Although no Federal appropriations are used by our power system, energy production is the biggest part of TVA by far and it is a critical measure of our success.

In 1994, we generated 126 billion kilowatt hours of electricity, enough to meet the needs of 8 million people across our service area.

Over the last eight years, we have invested heavily to modernize our facilities and increased our power production by 28 percent.

During that same period, we cut our payroll by 50 percent and kept our power rates among the most competitive in the Nation. By the end of 1997, we will complete a full decade without a single rate increase. These accomplishments place TVA in a league with the Nation's top utilities.

As important as our power system is to the customers of TVA electricity, our mission goes far beyond power production. Like any company with a sound strategic plan, TVA seeks to capitalize on all of its competitive strengths. The great strength of our region is the power and beauty of the Tennessee River Basin, and TVA is known around the world for harnessing its resources in ways that benefit the region and our Nation's economy.

Our wide-ranging responsibilities require us to help keep lakes and rivers clean, manage the smooth flow of commerce, promote business growth, and provide other benefits I will talk about today. These are national responsibilities that have a significant public impact.

When the Mississippi and Ohio Rivers overflowed two years ago, TVA restrained the flow from the Tennessee River, saving billions of dollars and who knows how many lives.

When the 1988 drought stalled hundreds of barges headed toward the Mississippi, TVA released water that helped keep the Mississippi flowing, saving millions of dollars for shippers and American consumers.

TVA manages its national responsibilities efficiently. We operate with low overhead. We work as partners with the people we serve. And we balance the needs of the economy and the environment.

Through our work in recreation, business development, and regional flood control, all within a single major watershed, TVA combines the functions of the Park Service, the Commerce Department, and the Corps of Engineers. We believe we are setting a national example of how Federal Government ought to work and can work.

To support TVA's five major Federal responsibilities, the administration proposes $140.5 million for fiscal year 1996. $70.3 million is for TVA's stewardship of Federal dams and lands. $10.9 million is to improve river navigation and manage the land along the shores of the Tennessee River. $6.2 million is for Land Between the Lakes national recreation area. $32.3 million is for research to provide solutions to environmental problems, making regulations easier to comply with, and more grounded in scientific fact.

And $20.8 million is for economic development, targeting economically distressed populations who remain at a distinct disadvantage over the rest of the Nation.

Let me talk briefly about what TVA does in each of these areas, why we do it, and who benefits.

Stewardship accounts for more than half of $140 million proposed by the administration for TVA. The Federal Government owns 48 dams along the Tennessee River, and TVA prevents billions of dollars in flood damages by operating these facilities in harmony with rainfall, seasonal change, and the needs of river commerce.

Dams are valuable investments that benefit our entire Nation. Keeping them in good working condition is a job that someone has to do, whether it is TVA or someone else. TVA has a long and proven record of successful stewardship for these national assets. And with half of them more than 50 years old, our extensive ongoing monitoring and inspection activities are essential to ensuring their structural integrity.

Besides maintaining our dams, TVA also protects 11,000 miles of shoreline along lakes and rivers and we take a lead role in maintaining water quality throughout our region.

TVA also sets the standard for river navigation in the United States. Our navigation facilities help reduce the strain on Federal highways and maintaining these facilities is important to the Nation's economy.

TVA manages a system of 14 locks along the Tennessee River, and last year about 34,000 barges traveled this waterway. Several of these locks need modifications and part of the $10.9 million request for TVA's water and land projects would begin these necessary structural improvements. TVA also is responsive to the needs of riverfront property owners, and our management practices are a recognized model for how to protect a fragile environment while ensuring its commercial viability.

By ensuring the health and viability of the 650-mile-long Tennessee River, both our region and the Nation enjoy the benefits of a clean and productive river system, the Nation's fifth largest.

Only a Federal corporation like TVA has the authority to ensure a wise and productive balance between those whose demands on the river are sometimes in conflict. And I believe that only TVA has the experience to achieve this balance consistently and more economically than any other public entity.

TVA also manages the Land Between the Lakes recreation area in Tennessee and Kentucky. LBL is our Nation's largest uninterrupted stretch of public forest between the Rockies and the Appalachian Mountains and one-third of our Nation lives within a day's drive.

LBL offers tourists the best features of a national park, a national forest, and a fish and wildlife refuge all rolled into one. Last year, LBL attracted people from all 50 States and more than 60 percent of its 2.4 million visitors traveled a hundred miles or more to get there. The $6.2 million proposed for TVA's management of this land covers only part of the operating costs. TVA charges user fees that covered 20 percent of our operating costs in 1994. We expect these fees to cover 30 percent of our costs this year, and 35 percent next year.

Our costs-per-visitor are low compared to other national parks and recreation areas, and that is one reason we believe TVA is the best manager for this valuable national asset. In addition to managing environmental resources, TVA also directs scientific research to help solve environmental problems and help businesses comply with environmental regulation.

This important research spreads practical benefits well beyond the southeast. But I want to emphasize our efforts to avoid duplicating the efforts of others. TVA's environmental research center in Muscle Shoals, Alabama takes the same hard-nosed approach to business planning that all our operations do.

Before we commit to a research project, we give it the acid test by asking two important questions: is the project unique? And is it likely to yield cost-effective environmental benefits? If a proposed project fails either of these tests, it won't be a part of our business plan. As for the projects we do commit to, we insist on collaborating with universities, Federal agencies, and other corporate partners.

This not only prevents duplication, it also allows scientists from outside TVA to join our research efforts and spread the benefits of our projects to more people.

Now let me tell about two of the most significant projects at TVA's environmental research center and the national benefits they generate. Our center is leading a major scientific study of the source of ground-level ozone pollution. Ground-level ozone is a major cause of crop and forest damage and it is a health hazard to 63 million Americans. Our research may be able to document geographic differences in ozone pollution. For instance, in some areas of the country, trees and other natural sources contribute more to ozone pollution than do man-made sources.

This kind of scientific data is critical for air quality regulators who may be forced to limit business growth in the 97 areas nationwide where ozone is excessive and dozens of other cities that are close to the legal limit.

The EPA's annual inventory of States with high toxic gas emissions highlights another major problem we are working on, one that is especially significant to small- and medium-sized businesses who can't afford expensive methods for reducing their toxic gas emissions. TVA's environmental research center has come up with an alternative. It is a unique biofilter that uses poultry litter and pine bark to create a chemical reaction which removes 98 percent of toxic gases within two minutes.

Our environmental research center developed and tested this breakthrough technology. We will soon encourage other companies to market it nationwide as a low-cost way for small companies to meet clean air requirements.

While I am on the subject, I should at least mention one other important research field focusing on nonpoint source water pollution. TVA experts know from their own experience on the Tennessee River that the biggest threat to clean water is the agricultural and industrial pollution that comes from many sources, and which collectively causes big problems.

Our environmental research center is working on an economical way to prevent this pollution and reduce the impact of agricultural runoff into the Nation's rivers so farmers won't be burdened with additional regulatory requirements.

All told, about $32 million is proposed to support research at TVA's environmental research center. This research benefits our Nation as a whole and may lead to other less burdensome ways that businesses and communities can comply with environmental regulations.

The $20.8 million proposed for TVA's economic development effort is targeted toward assisting economically distressed populations. More than 55 percent of the people in the TVA region live in rural areas and their average income is 27 percent below the national average. Even worse, over 18 percent of the rural people in our part of the country live in poverty compared to 13 percent in the Nation as a whole.

Rural citizens should not have to move into metropolitan areas to survive. Over two-thirds of our appropriated resources for economic development are used to help address the serious gaps in services facing this rural population.

Our business development programs provide the necessary linkage of resources through specialized work force training, small business development, telecommunications systems, and strategic planning initiatives. One example would be TVA's small business development centers which have created hundreds of new jobs through new business startups by providing an environment with a strong technical support system. These centers produce a success rate of 90 percent of all new business startups, clearly much better than the 37 percent national success rate for new businesses.

TVA also targets its economic development program toward African-Americans living in our region whose income averages half that of whites, and whose poverty level is three times higher than the rest of the Nation.

For example, TVA works closely with local agencies to develop work force and computer skills for people with low incomes. This is not a handout but a focused effort to address a serious economic problem and to prepare disadvantaged people for better opportunities. Our economic development efforts are guided by the same businesslike principles that govern every part of TVA. Principles like operating efficiently, cultivating partnerships with local communities, leveraging investments to promote long-term growth. And avoiding duplication of work being done by public or private organizations.

Every dollar we invest is matched by at least $3 from the public or private sector. And because our economic development specialists live in the communities they serve, they rely on local partners who have a stake in our success.

As I have said, no Federal funds go into TVA's power program. We may be a corporation owned by the Federal Government but the power we sell is not subsidized. Those who use electricity in the TVA service area pay all the costs, the full costs, of generation, transmission, and financing facilities.

That is how TVA has operated since 1959 and TVA is still paying back the government for powerplants built before then.

And our integrated approach to managing our national assets continues to bolster our Nation's economy and environment because we run our operations like a business, we avoid duplicating the work of others, and we continually fine-tune our focus on our customers, because they are the people we all must serve.

Thank you, Mr. Chairman, for this opportunity to hear about TVA. My board colleagues and I will be glad to answer any questions that you may have.

Mr. MYERS [presiding]. Thank you, Mr. Chairman. I apologize for having to miss the first part of your testimony. I read ahead because I knew something like this would probably happen.

Mr. CROWELL. I understand that you have been quite busy in the last 60 days or so.

Mr. MYERS. Do either of your colleagues have anything at this point?

Mr. Bevill.

TVA DEBT

Mr. BEVILL. Thank you, Mr. Chairman.

And I am sorry I missed part of your testimony, Mr. Chairman, but I am familiar with your work and the good job that you all do. And I wish you would give us a little more information on where you are on the payments that you make to the Federal Government and the payment that TVA has always made to the Federal Government, particularly those for the future, the immediate future.

Mr. CROWELL. As you are aware, Mr. Bevill, in 1959 when TVA became self-financing, we issued our own bonds and they are issued and backed by the ratepayers of the Tennessee Valley. All the investments made prior to 1959, from 1933 to 1959, we got a schedule to repay the Federal Government and we are still doing that.

And it might be interesting for me to provide to the committee a listing of all of those payments with interest, because I think it might be quite interesting to see how much we have returned so far to the Federal Government. And we have a schedule that we are on which will result in us paying back the government on what was invested prior to 1959.

Mr. BEVILL. I wish you would do that. It would be very helpful for the committee to see that. And include in that what you in the future——

Mr. CROWELL. Okay.

Mr. BEVILL. Some of the changes that you have made. I understand that you are going to be moving out more in 1997 and paying more.

Mr. CROWELL. Yes, what we are doing in 1997 is that we are setting a cap—we have a $26 billion debt now and we are going to cap it in 1997 and have a plan after that to start reducing it. But that debt is the debt on bonds issued by TVA and not backed by the U.S. Government.

Mr. BEVILL. All right.

Mr. CROWELL. There is another payment schedule to repay the government for assets that we had prior to 1959 so I will be happy to provide both of those to you.

[The information follows:]

Section 15d(e) of the TVA Act, which was enacted as part of the 1959 TVA self-financing law, requires TVA to repay to the U.S. Treasury each year a portion of the "appropriation investment" in the TVA power system until one billion dollars has been repaid. The "appropriation investment" reflects appropriations made for power system capital improvements prior to 1959 and transfers of Federal property to the system which were paid for with appropriated funds.

The power system's repayment schedule is—

Fiscal years:	*Millions*
1961–1965	$10
1966–1970	15
1970–2014	20

In addition, each year the power system also pays to the U.S. Treasury a "return" in the nature of an annual dividend calculated by multiplying the unpaid portion of the total "appropriation investment" times the Treasury's average interest rate for the previous fiscal year.

From fiscal year 1961 through fiscal year 1994, TVA has repaid $610 million of the appropriation investment and paid $2.181 million as a return on that investment.

TVA POWER PROGRAM

Mr. BEVILL. You do not compete with private industry, you have your own area just like you have had since 1959?

Mr. CROWELL. Right. We have a defined service area.

Mr. BEVILL. But you do help private industry and others when they call on you to wheel power to them if they have problems and have insufficient power or insufficient heat or any kind of problem? This is something you do when called upon?

Mr. CROWELL. Well, we do that and there are some regulations how we can price the transmission. As part of the 1959 act, there are 14 utilities that we have interchange agreements with, and we are permitted to continue those. So we share power back and forth between those 14 utilities and will continue to do that.

So the answer to your question is, yes, we do that as a routine matter and will continue to do that, obviously. And there are some regulations from FERC on using transmission lines to get power from one utility to another which we adhere to also.

Mr. BEVILL. Thank you, Mr. Chairman.

Mr. MYERS. While we are on that subject, aren't you in the net for the wheeling? Don't you wheel power when somebody needs power? You sell power?

Mr. CROWELL. Yes, we do.

Mr. MYERS. Do you ever buy power?

Mr. CROWELL. Yes, particularly with those 14 utilities that were part of that 1959 act. We go both ways. We wheel to them and they wheel to us. We have interchange agreements, and that is a routine business practice for us.

Mr. HAYES. We are a net seller of power. We haven't been for the last two years, but we do sell a little bit. But we do this on a daily basis.

PRIVATIZATION

Mr. KNOLLENBERG. Thank you, Mr. Chairman.

Gentlemen, thank you for your testimony. I am a little bit unfamiliar with TVA, and obviously you are going to have to help me along some of the steps here. But I noticed in your testimony, you mentioned that you are stressing the corporate side of TVA and yet I know that you are here asking for money.

I recognize there are some reasons for that. I recognize that there is a function here that works very much—mirrored like a private corporation would. On the other hand, a private corporation, obviously, generates profits.

Let's just think for a bit. Could a private corporation do what you currently do under the so-called, quote, corporate sets of things at the present time? What would be your thoughts about the positives or the negatives of privatizing TVA?

Mr. CROWELL. I could take quite a bit of time discussing that with you, but let me answer your question as quickly as I can.

As I mentioned about the 1959 act, what happened in 1959 was that TVA was given a defined service area, and that the new assets, the power facilities and transmission lines that were purchased after that, were purchased by issuing bonds that were backed by TVA. They are not part of the national debt. And, there has always been some confusion about this particular issue because they are not backed by the full faith and credit of the U.S. Government.

The privatization issue is one of those issues that maybe interesting to talk about, but it is a very complex issue because TVA owns hydro, fossil, and nuclear facilities and has a debt of $26 billion. Seventeen billion of that debt is attributable to the nuclear program.

If you were to come in and try to privatize TVA, you might find some companies willing to buy some of the assets, but I don't think you would find anybody willing to purchase the nuclear program and assume that debt.

That was the situation that they found in Great Britain with the privatization of electric utilities. They have still not been able to privatize the nuclear portion of it. In fact there is a 10 percent surcharge that is given to nuclear to make it profitable as a government subsidy to it.

And so I think you would find a situation in which some people would like to come and buy some of the plants, take the cream and leave the skim to the taxpayers. The taxpayers would end up, I believe, in a bailout situation involving the nuclear program. So there are a lot of other issues that we could talk about regarding privatization. Let me mention one other thing, the assets of the Tennessee Valley Authority were purchased from the electric bills collected from people inside the Tennessee Valley region, the defined region. So in some ways it would certainly look unfair to sell the assets that were purchased by a specific group of people and distribute the revenue from that nationwide. And since privatization does not affect our bonds, does not affect the national debt, there doesn't seem to be any practical reason to do it.

I say to you that we could discuss this for a long time but I would say that it is a very complex undertaking and not something that is simple. I think the debt itself makes it impractical, and I think it would just be a tough proposition, a tough nut to crack if you started trying to do that. I am certainly not recommending that. It is something that I think would be more complex than might be realized at first look.

Mr. KNOLLENBERG. You think that some segments of it might be easily privatized, but taken as a lump, you would have some difficulty?

Mr. CROWELL. Yes. I think if you look at the Great Britain experience, I think you would find some private companies that would be eager to purchase some parts of it, but you might find out that you would find no investors for the nuclear program. Then the taxpayers might end up owning that as a stand-alone entity which would not be very helpful or practical.

APPROPRIATED PROGRAMS

Mr. KNOLLENBERG. Do you have any objection to being confused at times or maybe boxed in the same square with the Appalachian Regional Commission, the ARC? Is there any confusion on the part of people's minds about the way you are structured and the way they are structured?

Mr. CROWELL. Yes. I think that what causes that is the $5.3 billion a year that is generated in revenue for our power program, and the $140 million in appropriated funding, which is what we are here appearing about today. Two percent of our entire budget is what we are here talking about today. We are not talking about the 98 percent in power revenue.

So the corporation is very large in electric generation and transmission and sales, but is very small in the appropriated programs. Now you may ask, why do you need appropriated programs?

Mr. KNOLLENBERG. You just took the question out of my mouth.

Mr. CROWELL. TVA is very unique. We have the responsibility for a 650-mile river stretch of the Tennessee River. We have dams along there which are owned by the Federal Government, by the taxpayers. We have land that is owned by the Federal Government—170,000 acres at LBL which is owned by the people of the United States, not the ratepayers in that service area. It is owned by them too, but as a collective group.

It is the taxpayers of the United States that own them and somebody must maintain those facilities. We cannot just walk away from them. And we have more experience than anybody else in doing that. And we, therefore, can do it more efficiently than anybody else. For example, our cost in maintaining LBL is significantly less than what the Forest Service average cost is.

Mr. KNOLLENBERG. LBL is what?

Mr. CROWELL. Land Between the Lakes. It is a 170,000-acre recreation area in Kentucky and Tennessee. I use that as an example. There are other examples too, of what we would expect along the river. If we don't provide access for the public, they will find access anyway and then you have all kinds of environmental concerns and vandalism that could occur. So I think the uniqueness of the mandate that has been given to us by Congress to manage the watershed area sometimes causes confusion about whether or not we are subsidized.

Somebody could ask the question, why can't somebody else do that? Of course somebody else can do that if the Congress wants to give it to somebody else, but you can't just transfer the responsibility to somebody for the management of Federal properties that have been entrusted and mandated to TVA without having money to do it. That in essence, I guess, Mr. Chairman, would be an unfunded mandate if you transfer them without money going with them.

Mr. KNOLLENBERG. We have done that before.

Mr. CROWELL. To answer your question simply, there is a lot of confusion, and sometimes when I look at the budget at TVA, and

I look at $5.3 billion in power sales and I look at $140 million in revenue from tax dollars, it does strike me that I spend a disproportionate amount of my time answering questions on the $140 million than I do on the $5.3 billion.

Mr. KNOLLENBERG. I am sure you do. I appreciate your responses.

Mr. MYERS. Mr. Frelinghuysen.

TVA MISSION

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman.

Just for the record, your overall budget is what?

Mr. CROWELL. $5.3 billion. That is what we expect to collect in sales.

Mr. FRELINGHUYSEN. So you come to the Federal Government for a request of 140 million?

Mr. CROWELL. Yes.

Mr. FRELINGHUYSEN. It is my understanding that when the TVA was created—could you tell me when that was?

Mr. CROWELL. Yes, 1933.

Mr. FRELINGHUYSEN. 1933. Its specific responsibilities were to plan for the proper use, conservation, and development of the Tennessee River drainage basin; isn't that correct?

Mr. CROWELL. That is correct.

Mr. FRELINGHUYSEN. Hasn't that mission been basically accomplished?

Mr. CROWELL. No, if you look at what I said in my testimony——

Mr. FRELINGHUYSEN. I read your testimony but I saw references to environmental research, ozone pollution, toxic gas emissions. Were these in the original charter of the TVA?

Mr. CROWELL. No, but the water quality efforts are. You asked whether the job has been completed. The Tennessee River has to be maintained.

Mr. FRELINGHUYSEN. What does the Tennessee River have to do with ozone pollution, toxic gas emissions?

Mr. CROWELL. Because people expect us to provide water quality efforts and to manage our power facilities in a way that is environmentally sensitive and environmentally correct. And we run an integrated process there, managing the river so all of it is linked in some way to the mandate in our TVA act which is to manage the river plus be a development agency at the same time. So it is a little bit broader than just managing the river.

Mr. FRELINGHUYSEN. Who gave you that broader mission? Did Congress give you that broader mission or is that something you embarked on on your own?

Mr. CROWELL. Congress gave us the broader mission in the TVA act. The specific programs, obviously, are something that we decide from the standpoint of what is needed, not only for the Tennessee Valley but for the Nation with the Federal funds that we request. But the mandate was given to us by Congress.

Mr. FRELINGHUYSEN. So your mission has in fact expanded considerably since 1934?

Mr. CROWELL. The mission has expanded only in this respect. It has expanded from the standpoint of the amount of power that we produce. The original TVA act envisioned us producing electricity but not to the extent that we do now to meet the needs of the region. There has not been a change in what the act has mandated for us but there has been a change in the proportionate amount of effort that goes for the power production.

Mr. FRELINGHUYSEN. And just to clarify again, you said your overall budget was $5.6 billion. What is actually your operating expenses?

Mr. CROWELL. $5.3—the operating expenses, about $3 billion, as I recall.

Mr. FRELINGHUYSEN. $3.4 billion? Your operating expenses.

Mr. CROWELL. $3 billion or so.

Mr. FRELINGHUYSEN. And you add to that the Federal contribution of $140 million and you come to $3.5 billion, so that is about your operating budget?

Mr. CROWELL. Yes, if you figure it that way, we have got other interest expenses.

Mr. FRELINGHUYSEN. Your budget is not $5.6 billion; those are your revenues?

Mr. CROWELL. Yes, but that is—the revenues is the starting point.

Mr. FRELINGHUYSEN. Your operating portion is the figure that is $3.4 billion?

Mr. CROWELL. Yes, about $3 billion.

Mr. FRELINGHUYSEN. I have—I think you caught the gist of some of my comments relative to some of the earlier witnesses that many people think that you have expanded your mission beyond the original scope that was originally envisioned in 1934. It appears you have.

How did you decide you wanted to get into environmental research?

Mr. CROWELL. Can you restate the question? I am not sure——

Mr. FRELINGHUYSEN. You had a specific mission in 1934; isn't that correct?

Mr. CROWELL. We are still maintaining that same mission.

Mr. FRELINGHUYSEN. How do you get the authority to go into environmental research and into the areas of ozone pollution, toxic gas emissions, economic development? How do you actually get to expand into those areas in terms of giving out loans?

Mr. CROWELL. Let me talk——

Mr. FRELINGHUYSEN. That wasn't envisioned, was it, in 1934?

Mr. CROWELL. Let me answer your question this way. The environmental aspects of what we do have always been very prominent at TVA from the standpoint of how we manage the watershed area that we have responsibility for, which is part of the river system.

Now, if you take the environmental research center, for example, we are making a great deal of progress there in wetlands management and water quality management. We also are doing research on ozone pollution and PCB pollution, which no one else in the country is doing, by the way, because that has a major effect on the power system and on——

Mr. FRELINGHUYSEN. No other authorities are doing the research into PCBs?

Mr. CROWELL. Not doing the same thing we are.

Mr. FRELINGHUYSEN. How do you know that?

Mr. CROWELL. Because we have set up a process in TVA in which we make it very clear that we are not going to duplicate the efforts of others and we have about 70 national organizations that work with us to be sure that duplication does not occur and the process itself keeps us doing research that others do.

Mr. FRELINGHUYSEN. So your environmental research, your ozone pollution research, and your toxic gas emission research in no way is duplicated in any way throughout the rest of the United States?

Mr. CROWELL. That is right.

Mr. FRELINGHUYSEN. I find that hard to believe.

Mr. CROWELL. Let me take wetlands. A lot of people do wetlands research, but we are the only place that does an integrated wetlands research in which we try to determine what the various varieties of plant life are needed to clean water when it comes out of a nonpoint pollution source.

Mr. FRELINGHUYSEN. You ought to come to the State of New Jersey. We are doing quite a lot of that kind of research.

It seems that there are a lot of missions which are embarked on here which appear to be over and above what the TVA was initially chartered to look into. And I just wonder how long this goes on.

Mr. CROWELL. Let me say this, we have the same mission. We have not changed the mission. What we are talking about here are tactics. The strategy stays the same. The tactics change as your problems change. What I think we are doing is having a discussion about the tactics that we are taking as opposed to the change in mission.

Mr. FRELINGHUYSEN. But your critics—and I sort of alluded to this earlier—TVA is often cited when people talk about what needs to perhaps be held in check in some way and some suggest perhaps be privatized.

And it is often to these newer areas that the TVA has gone into that people cite to demonstrate that you are somewhat perpetuating your mission. And I must say, I think it raises some questions to my mind. And I appreciate your responding to them. I am not sure that I have received to my mind satisfactory response. But it worries me that your scope appears to have been somewhat broadened.

Mr. KENNOY. Let me add to that. I go back to the original improvement of quality of life in the Tennessee Valley which is to be the model for the whole country and it has been. The experiment is a success and it continues to be. And you have to take everything as a whole and that is what TVA was asked to do.

There were a lot of farming techniques that were not correct and caused flooding in Chattanooga that wiped it out many times. A lot of this has to do with the river basin which is an enormous area. And so pollution in the streams is very, very important to the quality of life. It is important to the economy. They are all tied together—energy, economic development, and environmental protection. And it is our role to keep that delicate balance between those and I think we are doing a good job of it.

Mr. FRELINGHUYSEN. Your role seems to have expanded and that is my point. Were you given authority to develop a fertilizer facility?

Mr. KENNOY. Yes, in the TVA act, we were. That was 1933 at Muscle Shoals, Alabama, we took that over.

Mr. FRELINGHUYSEN. And does the Federal EPA in any way duplicate what you are doing in terms of these research elements?

Mr. KENNOY. We joint venture with them and other Federal agencies. Each brings what they have to the table to make a better composite. There are areas where we are doing that and we have actually asked our folks to be sort of a clearinghouse in a way to find out exactly what is going on in different places.

Mr. FRELINGHUYSEN. Have you sort of—I got earlier assurances that things are not going on other places.

Mr. KENNOY. The things that we are participating in, we are the catalyst to try to pull all of these together. And if you look at it, the amount for the research center is small compared to all that we have to deal with.

Mr. FRELINGHUYSEN. How much is the research center?

Mr. KENNOY. We get about——

Mr. CROWELL. $32 million.

Mr. KENNOY [continuing]. $32 million there. And look at what we are handling there. Look at the enormous area. Look at all the pollution, not only in the atmosphere, look at it on the land and in the water that we have to deal with.

So that is not a large expenditure to handle what we have to handle. And the fact that we are a $5.4 billion corporation lets us leverage. Each tub has to sit on its own bottom. We can get maximum dollar out of that because of the way we are set up.

Mr. FRELINGHUYSEN. Could I just ask a few more questions, Mr. Chairman?

Mr. MYERS. Certainly.

TVA DEBT

Mr. FRELINGHUYSEN. The bonds that you were talking about, are these old bonds or are these the bonds from 1959? What bonds that are not backed by the——

Mr. CROWELL. We have issued bonds since 1959 as a way to purchase new assets and to maintain the assets that we have. And right now we have $26 billion in debt outstanding as a result of issue the bonds. The bonds were used to purchase assets.

Mr. FRELINGHUYSEN. And they are not backed by the full faith and credit of the United States?

Mr. CROWELL. That is correct.

Mr. FRELINGHUYSEN. What would happen to the backing of the bonds if the Congress didn't come up with $140 million?

Mr. CROWELL. I would say nothing.

Mr. FRELINGHUYSEN. Probably nothing. Thank you.

Mr. CROWELL. Let me add to that, because the reason nothing would happen is that they are two separate accounts. They have always been kept as two separate accounts at TVA and the bond holders would not be interested in what we did with the Tennessee River. And, obviously, that is important to the rest of the government because it is an asset of the taxpayers. So the bond holders are only interested in what it does for the power system and not what it does for anything else.

Mr. HAYES. I think, Congressman, that it would be against the law for us to take that power money and do many things that would be necessary to do in the river. I believe that is correct.

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman.

TVA POWER PROGRAM

Mr. MYERS. Since we are on the power subject, I realize that you are not requesting any appropriated funds to operate or maintain your power generation, but could you briefly describe the present situation in power generation?

Mr. CROWELL. Power generation, last year we generated 72 percent from fossil plants. About——

Mr. MYERS. How many generation stations for fossil?

Mr. CROWELL. Eleven, 59 units at 11 sites. And then we have 30 dams that produce electricity. They produced about 16 percent of our requirement last year with about 113 units at those dams. And then we have a nuclear program. We have some units under construction and then we have three units that are operating and they produced about 12 percent of our requirement last year. So it is quite a large power system.

Mr. MYERS. And you are going to activate two more—Watts Bar is on line; is that right?

Mr. CROWELL. No, just one more is all we are planning right now. What we did last year—we have an integrated resource planning project that is going on right now. We had four units under construction, two at Watts Bar and two at Bellefonte near Scottsboro, Alabama. And we are going to get Watts Bar I on line this year.

We expect to have it on line in the summer or fall, then Watts Bar II and two units at Bellefonte will probably not be finished as nuclear plants. We are of course looking for partners now. We have made a decision that we would not build those by ourselves. We simply can't afford it financially. And we are going to be looking for partners. But, frankly, I doubt that any partners will be found for them. And one of those sites would be an ideal location for a conversion to some other fuel source. But we will make that final decision later this year when the integrated resource plan is finished.

Mr. MYERS. Well, probably if it is going to be built as a nuclear plant under existing conditions today, you are quite right. I don't think anybody would want to. But that is probably going to change one of these days, I hope. But how far along is the construction at those two units?

Mr. CROWELL. Well, the Watts Bar, we have about——

Mr. MYERS. The ones that you are not going to build.

Mr. CROWELL. We have one at Watts Bar and two at Bellefonte. One Bellefonte unit is 80 percent complete and the other one is about 60 percent complete. And the Watts Bar II unit is somewhere around 60 percent complete.

Mr. MYERS. But you are going to finish Watts Bar II, aren't you?

Mr. CROWELL. Watts Bar I. We have four under construction, and the other three are ones that are in question.

Mr. MYERS. Eighty percent complete and you can't afford to bring it on line?

Mr. CROWELL. Our estimates, Mr. Chairman, on those three units range from $3 to $8 billion to finish them. It is really a significant financial decision and we just don't believe we can finish them as nuclear plants. First of all, we would exceed our debt cap of $30 billion. And that is something that we are taking steps to stop and halt at this point. So it really is a tough decision to make when you are into something that far.

But I remarked to people when I got to the TVA a year and a half ago that you have to deal with things as you found them, not how you wish they were. And we are simply trying to run the best system we can and have a very sound financial system. And it doesn't appear to be practical for us to put that much money in those units as nuclear plants when there are some other possibilities to be considered.

STEWARDSHIP ACTIVITIES

Mr. MYERS. What is the difference between stewardship activities and water and land activities? Both have to do with your operation of your navigation system, don't they?

Mr. CROWELL. Not in every case. Some of the land is not directly affected by the operation of the dams and the flood control responsibilities that we have. We do maintain a large amount of land for the Federal Government down there. There is a separation. Not all of those are connected but stewardship, in its broadest sense, you could add those two together.

Mr. MYERS. What is the difference between the stewardship and water and land account?

Mr. CROWELL. Well, the main difference, stewardship is connected to the dams that we have on the Tennessee River and the shorelines and the maintenance of the river itself. And then the land and water has to do with water quality, which we are expected to maintain for the citizens of the valley and for the industry along the river.

Quite frankly, you are asking a good question. There is no reason they could not be combined for accounting purposes. I mean, it is all, in its broadest sense, stewardship. It just makes it easier for us to keep up with where the money goes.

ECONOMIC DEVELOPMENT

Mr. MYERS. I think a question was asked a moment ago about economic development. A lot of that is being done by the ARC also, isn't it? The Appalachian Region Commission?

Mr. CROWELL. Not really. The ARC is primarily a granting agency. Two-thirds of its budget goes for highway and infrastructure construction as I recall and TVA's money is not grant money. It is spent for identifying problems, correcting problems, providing technical expertise. We do not make grants and we do not build highways.

Mr. MYERS. I knew you did not build highways and ARC is getting out of the highway business too. But it does economic development and training, as I recall. They were here a moment ago. You were not in the room. I thought ARC is involved in economic development, too.

The very reason to have the Appalachian Regional Commission is to bring jobs to, and create jobs for, the region. But it looks like duplication. I quite agree. I never have been clear as to why there is not duplication in this.

Mr. HAYES. Mr. Chairman, we have 201 counties across the valley. There are 127 of those counties that are in the ARC, so that is a little over 50 percent. We actually manage some contracts and projects for ARC in Tennessee and other areas, I was commissioner of economic development for Tennessee and through my office there, ARC money was handled. And I can remember that TVA was the managing partner there in projects that it had.

So we certainly try not to duplicate. There may be some cases I would hate to just say we don't, but we look at it very, very hard. And we work closely with ARC and other agencies to make sure we don't duplicate. Now we may partner in some rural areas in projects to make it bigger and better, but we certainly try not to duplicate. And the staffs—both staffs are very aware of that.

ENVIRONMENTAL RESEARCH CENTER

Mr. MYERS. Now, the question about the old Muscle Shoals, which used to be a fertilizer plant and is now an environmental research center. Here again, do you do work for others at the environmental research center?

Mr. CROWELL. Yes, we had partnerships that produced $4 million in revenue from work at the center, and we expect to collect $6 million this year as a result of partnerships with others. So we do work for others and we get paid for that.

Mr. MYERS. We have money in the Department of Agriculture for research. I wonder if you do anything for Department of Agriculture. The Department of Energy does research—the ozone is an example, and the greenhouse effect is another. I don't know how many people are doing research on the ozone. So it seems like, here again, there is an awful lot of duplication in this area.

Mr. CROWELL. It is not duplication, the reason we do work for others is to augment what they don't have, otherwise they would do it themselves. They wouldn't need us to do it. One of the things that we talked about at the environmental center, one of the things that we do which is very significant is how we provide for water quality management in the watershed, which is specific to what we do to maintain the river that we have responsibility for.

Mr. MYERS. I thought that was water and land.

Mr. CROWELL. No, research on water quality is done both there and the environmental center.

Mr. MYERS. Okay. I am sorry.

Mr. CROWELL. Listen, I can sympathize with some of what you are saying because we made some changes in the format and I asked the same question of the staff as you are asking. What we are doing here is important in the accounting process. We are trying to be sure that all the dollars show up in areas where all the work is being done.

For example, last year we had money for Land Between the Lakes. And the Land Between the Lakes account is in the water and land account. So you start looking at that and say, why is it in two accounts? There is no real good reason for it. The changes we make essentially represent accounting changes on our balance sheet. So we are trying to be sure that all the dollars that are spent on a particular activity show up in that account. I think it is a good move for us. But it is a bit confusing the first time we do it.

LAND BETWEEN THE LAKES

Mr. MYERS. Well, I remember years ago when we first came on the committee, I was confused and I guess I still am come to think about it. But we tried to get some simplification on the justification. I guess we haven't succeeded too well. In the Land Between the Lakes, if I can remember correctly, we had about 2.4 million visitors; is that right? That costs about $3 per visitor; is that right?

Mr. CROWELL. $3 per visitor; just a shade over.

Mr. MYERS. How does that compare to the national parks?

Mr. CROWELL. I am not sure about the national parks but the Forest Service is about $5 per visitor, so it is substantially less than the Forest Service is and I would be happy to try to look up the number for the Park Service. We also are collecting about 30 percent of the operating cost at LBL this year through fees. And my recollection is that the Forest Service may collect only like 3 percent.

So we are going toward an 80 percent self-financing at LBL between now and the year 2000. So we are going in that direction to try to rely less on this committee, Mr. Chairman.

Mr. MYERS. Glad to hear that. Glad somebody is taking sympathy on us. It has always troubled me. I have never visited Land Between the Lakes. If I wheel in there with my boat behind me and I want to go fishing, what do you charge me? I have five grandchildren and I have the tent on top, what do you charge to wheel in the gate?

Mr. CROWELL. We don't charge to wheel in the lake and you can put your boat in the water, but if you camp overnight, we will charge you. We are going to be looking at that, so obviously you need to come soon, Mr. Chairman.

Mr. MYERS. I hope you charge me when I do.

Mr. CROWELL. That is essentially what we are trying to do there—is to adopt the philosophy that the people who use the facility should pay for it and those who don't use them shouldn't have to pay for it. That is the direction we are going in.

Mr. MYERS. We call that a user fee.

Mr. CROWELL. User fee, you got it.

Mr. MYERS. You do a great job, no question about that. The communities are proud of the things that you are doing there. But two things have troubled me always: Land Between the Lakes and Muscle Shoals, a fertilizer plant. My gosh, I have two fertilizer plants in my district, and the government doesn't put a penny in. In fact, they take money out of them. I have discussed that with you.

Tom, do you have any further questions?

TVA FERTILIZER PLANT

Mr. BEVILL. Just one thing: the fertilizer plant is probably one of the most successful projects in the history of the United States.

Mr. CROWELL. Yes.

Mr. BEVILL. It continued even from way back, continued research on the fertilizer that made it possible for us to have the most productive and the best farmers in the world. There is no question about that.

Mr. CROWELL. No question about that.

Mr. BEVILL. And I recall, Mr. Chairman, when you and I came to Congress, the Vietnam War was going on, and I went over there—four or five of us went over there and toured the area—and everywhere that we went, we would run into an Auburn graduate and they were using the TVA fertilizer. They were teaching those natives how to make three crops on the same land they had been using for thousands of years to produce rice, for example, and they were making three crops instead of one.

And I remember remarking that probably that fertilizer plant made it possible for those starving people over there to produce, instead of sending them foreign aid. Like somebody remarked earlier, it is better to teach them to fish than it is to give them the fish. Using that fertilizer, they started producing three crops a year instead of one. And that is because of this fertilizer plant.

Now, the fertilizer plant closed because it was very successful. It was so successful that private industry got interested in seeing what could be done and they took over. So that is good. Where do you fit in on clean water research? You come into the clean water area because there isn't anybody in the world that has had more experience with fertilizer, and you have been researching the impact of clean water—the impact of fertilizer on the clean water underground. This is a problem. It is a great problem throughout the world for that matter.

And so this is an area of expertise that you are working on and there is nobody in the world more qualified; is that a fair statement?

Mr. CROWELL. I agree, yes.

Mr. BEVILL. Thank you.

Mr. MYERS. Mr. Frelinghuysen.

TVA EMPLOYMENT

Mr. FRELINGHUYSEN. A couple of questions.

How many employees does the TVA have?

Mr. CROWELL. We have a little over 16,000. In 1988, we had 34,000. We have downsized since then and we had an early-out program last year that produced 2,600 early-out people. We netted about 2,000 people out of that early-out so we are continuing to operate efficiently and to bring down.

Mr. FRELINGHUYSEN. That is a lot of people. It certainly is. What is your overall payroll?

Mr. CROWELL. I don't remember the exact payroll. I think it is around a billion dollars. I will be happy to get that for the record. A little over a billion dollars.

Mr. FRELINGHUYSEN. I would be interested in seeing that.

[The information follows:]

TVA currently has 16,526 employees, including part-time and hourly employees. FY 95 payroll is $884 million.

STEWARDSHIP ACTIVITIES

Mr. FRELINGHUYSEN. The last question gets back to the area that the Chairman was referring to, the stewardship activities. The Federal Government owns 48 dams along the Tennessee River and you said that half of them are over 50 years old.

Are those dams rated in terms of their condition?

Mr. CROWELL. Yes.

Mr. FRELINGHUYSEN. And what is the status of those dams in terms of the rating system that is applied?

Mr. CROWELL. Are you talking about the safety? We have a very aggressive and elaborate dam safety program underway now. We are maintaining those dams. I do not have the schedule of what dams are going to be looked at next, but I will be very happy to provide you with a complete report on the dam safety efforts. They are very elaborate and we are pursuing that aggressively.

Mr. FRELINGHUYSEN. To the best of my knowledge, there was a national study done of the dams across the country and a lot of dams are rated, and I was wondering about the rating of TVA dams since you have stewardship for the 48 dams.

Mr. CROWELL. I don't know. I want to assure you and the committee that we have a very aggressive effort and program underway to ensure that they are safe.

Mr. FRELINGHUYSEN. Thank you.

Thank you, Mr. Chairman.

Mr. MYERS. Thank you, Rodney.

DAM SAFETY

I presume the Corps of Engineers is charged with the responsibility of dam safety investigation; isn't that correct? You don't do your own dam safety inspection?

Mr. CROWELL. Yes, we do. It is the locks on the Tennessee River that the Corps operates for us.

Mr. MYERS. I know that, but I thought the Corps of Engineers is supposed to investigate even the private dams under the dam safety program we gave to it.

Mr. CROWELL. Not along the Tennessee River. The Cumberland River is a Corps river and they maintain the dam on the Cumberland River.

Mr. MYERS. Even the private dams have to be checked now.

Mr. CROWELL. But the responsibility is our responsibility.

Mr. MYERS. That is true for the legal responsibility, but I thought the investigation had to be done by the Corps. We will have to check that. I am not questioning, but I thought they were supposed to do it.

Mr. CROWELL. It is my recollection that we are completely responsible for it. I will be happy to check into that and provide a correction for the record if that is wrong.

[The information follows:]

The Corps of Engineers has the responsibility to carry out a national program of inspection of dams for the purpose of protecting human life and property. The Corps' inspection authority does not, however, extend to dams of TVA or the Bureau of Reclamation. Privately owned hydroelectric projects licensed by the Federal Energy Regulatory Commission are also excluded from the Corps' responsibility, but it can inspect those dams if requested by FERC.

TVA has the responsibility for the safety of its own dams. TVA bases its assessment of dam safety on the current design criteria for dams found in the Federal Guidelines for Dam Safety (FEMA 93, published June 1979). Progress in dam safety is reported every two years to FEMA. TVA is a charter member of the federal Interagency Committee on Dam Safety (as is the Corps); supports the Association of State Dam Safety Officials; participates with the U.S. Committee on Large Dams; and is a member of the National Dam Safety Review Board.

TVA has the fourth largest dam safety program among federal dam owners. Since 1982, TVA has embarked on an ambitious program to upgrade high hazard dams to meet modern safety criteria. Seventeen major dams have been modified so far at an estimated cost of $50 million. The total program of modifying 25 dams is estimated to cost $105 million and be completed in 2003.

The benefits of these modifications are difficult to overstate. For example:

The Watauga Dam above the Tri-Cities area of Upper East Tennessee was raised 10 feet to prevent $5.7 billion in property damage and an estimated 3,000 fatalities.

The Ft. Loudoun/Tellico Dam complex between Knoxville and Chattanooga was modified by raising the height of the dam and adding a 2,000-foot long concrete spillway to prevent catastrophic damages if failure occurred.

The 75-year-old Blue Ridge Dam in North Georgia was modified to prevent an estimated 650 fatalities in the Taccoa and Ocoee Rivers, the site of the 1996 Olympic whitewater events.

Mr. MYERS. Of the 16,000 employees, I would assume some of them are part of the power program. You might break that down.

Mr. CROWELL. I would be happy to. $140 million is 2 percent of our budget. So the ratio of employees is about the same.

Mr. MYERS. Mr. Chairman, Mr. Kennoy, Mr. Hayes, thank you very much for your testimony today. And I realize that it has become repetitive. It seems like we are asking the same questions every year. Even those of us who have been here a while ask the same questions.

Mr. CROWELL. There has been a change of who sits in that chair, Mr. Chairman.

Mr. MYERS. Some of us have been on this committee for a lot of years. We always ask the same questions.

Mr. CROWELL. It has been a real pleasure to appear before you the first time as the Chairman, Mr. Chairman, and appearing before this committee is always a delight for us and we appreciate the courtesy extended to us.

Mr. MYERS. I hope it is always that way. And each of us has some questions that we will provide for the record. And we will appreciate your response.

Mr. CROWELL. We will be happy to get back to you.

Thank you.

Mr. MYERS. The committee stands adjourned until 10:15 tomorrow morning.

[The questions and answers for the record, the biographies and prepared statements of the witnesses, and the FY 1996 TVA Budget Request follow:]

Mr. Myers: As the Authority proudly observes, TVA was challenged in 1933, "with the broadest duty of planning for the proper use, conservation, and development of the Tennessee River drainage basin and its adjoining territory for the general social and economic welfare of the Nation." Hasn't this mission largely been accomplished?

Mr. Crowell: The challenge to provide for the proper use, conservation, and development of the Tennessee Valley for the general social and economic welfare of the Nation is as valid today as in the 1930s.

TVA responded to the needs of the 1930s with an aggressive program of dam construction to protect the people of the Valley from devastating yearly floods and open the Tennessee River to reliable navigation. Its electrification program brought industry and jobs to the Valley. Its agriculture and reforestation programs taught farmers how to make a living and replenish their lands at the same time. Its Muscle Shoals nitrate plants produced experimental fertilizers in peace time and munitions for war.

Although the world of the 1990s is much different than the 1930s, the tasks of conservation and development for economic growth are no less challenging. The citizens of the Valley take the navigable waterway, flood control, and electricity for granted. They want improved water quality, cleaner air, greater opportunity for outdoor recreation on TVA lakes, low electricity prices, and high paying jobs. They want to have smaller government and pay less for it.

TVA is responding by being an efficient steward of the dams, lands, and facilities it operates for navigation, flood control, and other purposes. It has cut staff significantly and is focusing on business planning and process improvement to be the most efficient agency of the federal government as well as the lowest cost supplier of electricity. It is focusing on building partnerships to improve water quality in the Valley and improve recreation opportunities on TVA lands and lakes. It is no longer in the fertilizer R&D business and is focusing its research on developing new technologies and methods for environmental protection, waste management, and electricity production. It is focusing on job creation so that rural citizens of the Valley will not have to move into metropolitan areas to survive. Over 55 percent of the people in the TVA region live in rural areas and their average income is 27 percent below the national average. Even worse, over 18 percent of the rural people in the Tennessee Valley live in poverty compared to 13 percent in our Nation as a whole.

TVA is getting this job done at the same time it is reducing its employment and operating without an increase in appropriations or power rates. I believe TVA is a model for how government should respond to the needs of its citizens in the 1990s as it was a model in the 1930s.

Mr. Myers: Aren't some of the stewardship responsibilities of TVA--particularly those related to public recreation and trail and road maintenance--functions more appropriately assumed by state and local government?

Mr. Crowell: TVA has actively encouraged development of public recreation sites on TVA lakes by state and local agencies, other federal agencies, and the private sector. TVA has transferred over 225,000 acres of land to local, state, and other federal agencies for recreation. These transfers have resulted in the development of more than 115 public parks, 400 public reservoir access areas, 30 wildlife management areas, and 106,000 acres in the national forests and the Great Smoky Mountain National Park that border our reservoirs. Where feasible, selected boat docks, marinas, or other facilities are operated by the private sector.

TVA developed only those recreation areas that the states and local governments could not afford to develop or provide the type of services which were being solicited by our recreation customers. These facilities are too small, too dispersed, or have too few amenities to attract private sector interest, but are essential to meet public demand for access to TVA reservoirs. Providing these recreation areas is necessary to limit the amount of litter and shoreline damage that would result if clean, safe public use facilities were not provided.

Any transfer of functions such as public recreation areas, trails, or associated roads to state and local government without budgetary resources would be viewed as another unfunded federal mandate. TVA maintains these facilities more efficiently than any other agency and should be funded to continue this work.

Mr. Myers: Please state the mission of the Environmental Research Center. When will that mission be achieved? Alternatively, does the Authority plan to continue operations at the center in perpetuity?

Mr. Crowell: The Center's mission is to create and implement practical and affordable solutions to problems affecting the proper use, conservation, and development of the natural resources of the Tennessee Valley for the general social and economic well-being of the Nation. Research to develop cost-effective technology and methods is essential to assure that TVA efficiently and effectively manages dams, reservoirs, lands, and associated facilities, improves water quality and recreation opportunities on TVA lakes, and promotes economic development based on a sound natural resource base.

Having staff with core capabilities in engineering and the natural sciences at the Center working on the problems of the Valley is essential to TVA's environmental stewardship mission. The solutions they develop have national application because the problems they are solving are problems faced in every region of the country. These scientists and engineers also work on the problems faced by TVA's self-supporting power program, thereby expanding the source of research funding and opening up possibilities that solutions developed for power system purposes also apply to problems encountered in managing natural resources and providing cost-effective solutions to the environmental problems of industry.

The challenge to provide for the proper use, conservation, and development of the Tennessee Valley for the general social and economic welfare of the Nation is as valid today as in the 1930s. Research and development was needed than and is needed now and in the future to fulfill this mandate.

Mr. Myers: **When TVA eliminated fertilizer research and development from its portfolio of activities, the Authority created a new environmental mission for the fertilizer center. Was any consideration given to simply terminating operations at the center and saving the federal taxpayers money?**

Mr. Crowell: TVA discontinued fertilizer research and development at its Muscle Shoals facilities because it was no longer needed to support the proper use, conservation, and development of the Tennessee Valley. Fertilizer research and development was a major focus of TVA for several decades because it helped increase the productivity of Valley agriculture; many of the successful products developed by the program were used nationally and internationally. But in a tough business decision, the TVA Board saw the need to refocus its Research Center on today's problems.

TVA refocused the Muscle Shoals facilities on environmental research and renamed them the Environmental Research Center. The Center is developing new technologies to address today's environmental problems in the Valley, thereby supporting environmentally-sensitive economic growth. Some of these problems are:

- Poor water quality caused by nonpoint source pollution from agriculture.
- Fish in TVA lakes and industrial sites along the Tennessee River contaminated with PCBs and other hazardous wastes.
- Ground-level ozone air pollution from natural and man-made sources.
- Costly technologies for small community wastewater treatment, toxic air pollution control, and other environmental cleanup technologies mandated by regulation.

No serious consideration was given to shutting down the Muscle Shoals facilities because the scientists, engineers, and research facilities there are needed to address these challenges. The solutions they develop have--like fertilizer research and development did before--national applicability because all regions of the country find economic growth limited by environmental and natural resource based problems.

Already the Center has produced these solutions that have application across the country:

- TVA is field testing a new microorganism that eliminates PCBs in contaminated soil--a big problem in the Valley and the Nation. This "bug" will cut PCB cleanup costs in half and save the Nation billions of dollars.
- TVA developed a unique biofilter to remove 98 percent of toxic gases from air emissions within two minutes. This new technology allowed a boat manufacturer in the TVA region to meet air quality requirements for just $20,000--reflecting a reduction in cost of 90 percent compared to existing technology. This technology is applicable to the textile industry and the chemical industry, among others.

Mr. Myers: The civil works program of the Army Corps of Engineers has principal flood control responsibilities for interstate rivers and streams in the U.S. Similarly, the Corps and the U.S. Coast Guard share responsibilities for maintaining the navigability of our inland waterway system. The Fish and Wildlife Service has federal jurisdiction over the protection of fish and wildlife habitat in riparian areas. Are the navigation, flood control, and wildlife protection duties of TVA substantially different from those exercised by these and other federal agencies charged with managing our water resources nationwide? Has the TVA considered opportunities for consolidating operations with other federal agencies and similar responsibilities?

Mr. Crowell: TVA has primary responsibility for navigation and flood control on the Tennessee River. Under a Memorandum of Agreement, the Corps operates the locks and dredges the channel as needed to assure that shippers see no difference in procedures when navigating the Tennessee or any other inland river. One TVA project--Kentucky Dam--is operated in coordination with the Corps to reduce flood crests on the lower Ohio and Mississippi Rivers. The U.S. Fish and Wildlife Service manages wildlife refuges and regulates endangered species protection on the Tennessee River as it does on other rivers. TVA supports the objectives of the Service with its management of reservoirs, lands, and other facilities.

What distinguishes TVA from these agencies is its broad mandate for both economic development and natural resource management. In regions of the country where there is significant investment in federal dams, the TVA model for river basin management is arguably superior because it is efficient and produces more economic and environmental benefits.

Controversy over the management of federal dams by TVA in the Tennessee River basin is notably absent in comparison to other river basins. The root causes of conflict and polarization certainly are present in the Valley. As in other regions, groups that are interested in recreation, water quality, water supply, wildlife, and endangered species are gaining in support among river system users and the general public. They are attempting to change the operating priorities of dams and lands that were purchased or built for other purposes, usually navigation, flood control, irrigation, hydropower, or forestry, for example.

TVA's Lake Improvement Plan addressed these conflicts in managing TVA reservoirs. Its Shoreline Management Initiative currently is addressing these conflicts in managing TVA lands. The Lake Improvement Plan modified its operating priorities to improve water quality and aquatic life in the river below its dams and improve summer lake levels in tributary areas to promote economic growth. Original beneficiaries of the system--commercial navigation, flood-prone communities, and power consumers--were kept whole. The Shoreline Management Initiative will balance the continuing need for economic growth with the need to protect the scenic views that make the shoreline an attractive place to develop.

TVA integrates the objectives of the Corps of Engineers, the Fish and Wildlife Service, the Environmental Protection Agency, the Coast Guard, the Forest Service, the Natural Resource Conservation Service, the National Weather Service, and the Federal Emergency Management Agency in its management decisions. It is efficient--the Lake Improvement Plan cost only $4 million and took only 3.4 years. The states of Virginia, North Carolina, Georgia, Tennessee, Alabama, Mississippi, and Kentucky supported the decision and none of the competing interests have sued to overturn the decision. The federal government doesn't have to pay the overheads of all these agencies to manage the Tennessee River.

TVA's broad mandate for "proper use, conservation and development of the Tennessee River for the general social and economic well-being of the Nation" means that it cannot emphasize one purpose or objective over another. It cannot emphasize the Corps' flood control or navigation objective at the expense of the environment, or emphasize the Fish and Wildlife Service's endangered species mandate without considering economic consequences. TVA achieves an efficient balance of competing interests that should be a model for how federal objectives should be met in other regions of the country.

Mr. Myers: The President's budget for fiscal year 1996 emphasizes the Administration's "crusade" to reinvent government, pledging to, "identify other agencies and programs to restructure or terminate, to sort out responsibilities among the Federal, State, and local levels of government, and to choose functions better performed by the private sector." How is the TVA being affected by this effort?

Mr. Crowell: In April 1994, Vice President Al Gore designated TVA as a Government Reinvention Laboratory. Through this designation, TVA has been given the opportunity to test business and operating practices to improve the efficiency of operations and more effectively use power revenues and Congressional appropriations.

TVA has improved almost every aspect of the way it is organized and has become more competitive as a federal agency and as an electric utility. A member of the National Performance Review Team said TVA "is already demonstrating the kind of management we want to have emulated through the federal government." The following are some examples of where TVA is reinventing itself:

- TVA has achieved seven years towards a goal of completing a decade of stable electric power rates.
- Since 1988 TVA has reduced its workforce from 34,000 to 16,900 without eliminating important services.
- In Congressionally appropriated programs, TVA has reduced the number of management layers from 7 to 3. It now has a manager to employee ratio of 1:22. Private organizations average 1:12 nationally. President Clinton has asked that all federal government organizations reach 1:12 by 1997; most are in the 1:3 to 1:4 range today.
- TVA's "Sound River Management" pilot has been acknowledged by the Office of Management and Budget as "exemplar," a recognition received by only 10 of more than 50 pilot projects.
- TVA's programs are national models. This past year, Water Quality 2000, a cooperative effort of 70 national organizations, recognized TVA's Clean Water Initiative as a national model for watershed management. The National Forum for Nonpoint Source Pollution selected TVA's Shoreline Management Initiative as one of the 25 most innovative, environmentally significant projects in the Nation.

Mr. Myers: What does the long-term future hold for the Land Between The Lakes? Has the TVA explored opportunities for transferring its responsibilities at Land Between The Lakes to other entities with land stewardship responsibilities?

Mr. Crowell: TVA's FY 2000 vision for Land Between The Lakes (LBL) is that the 170,000-acre site becomes a national attraction for world-class outdoor recreation and environmental education while decreasing, and possibly eliminating, the dependency on federal funding.

A comprehensive 10-year Public Use Plan is being prepared to guide future operation and development. The purpose of this initiative is to determine what services LBL should provide, identify the most efficient way to operate the services, and determine how development and operations will be funded. The planning is being conducted under National Environmental Policy Act (NEPA) guidelines to ensure a broad range of public participation and thorough evaluation of environmental and economic issues.

All public facility and program operations are expected to generate net income within five years. The Public Use Plan will determine if profit from these activities will be sufficient to pay for basic resource management, environmental compliance, and public access to the land and adjacent lakes. Federal land stewardship responsibilities may require a minimal level of continuing federal funding beyond FY 1999 if income cannot fully cover these costs.

Although other federal land managing agencies could operate LBL, TVA believes it's in the public's interest for the property to remain under TVA. While other agencies have single purpose missions, TVA's integrated resource management mandate provides more management and fiscal flexibility. TVA also has implemented efficency measures that demonstrate that it can operate LBL more efficiently than any other agency.

No formal contacts have been made with the states of Kentucky and Tennessee, but when informally approached in the past, they had neither the interest nor the resources to assume responsibility for LBL. Transferring LBL to the states without budgetary resources would be another unfunded federal mandate.

Mr. Myers: Please describe in detail the tourism promotion activities of the TVA. How does TVA coordinate with the Appalachian Regional Commission, State and local tourism agencies, and chambers of commerce to avoid overlap and duplication of effort in this area?

Mr. Crowell: Tourism is the Tennessee Valley's second largest employer (after health care) and one of its fastest growing industries. For this reason, TVA considers rural tourism development to be an integral part of its overall effort to help rural communities diversify their local economies. TVA's Tourism Development Program responds to requests from state, regional, and local entities interested in using tourism development as an income-generation and job-creation tool. TVA is not involved in direct promotion of tourism in the Valley.

TVA's rural tourism program was initiated in FY 1980. From 1980 until 1987, TVA was the only federal agency with a full time domestic rural tourism development staff (Commerce had international tourism staff). ARC initiated its rural tourism program in 1987 and sent their staff person to TVA for two years of training. Unlike TVA, the Appalachian Regional Commission provides grants for action projects and to conduct original research in rural tourism development. ARC provides no direct on-site tourism development assistance. Not only does TVA coordinates these activities in rural tourism with ARC, our agencies also cooperate in all aspects of economic development. For example, TVA is currently managing the implementation of 57 ARC projects in the field.

TVA also works closely with the state Tourism Directors in all seven Valley states. In fact, many of TVA's projects are the direct result of requests and referrals from state Tourism Directors. The same is true of our relationship with regional and local chamber of commerce tourism groups. TVA does not compete with these groups.

A good example of the results of TVA's tourism development efforts can be seen in Mountain City, Tennessee. Five years ago, unemployment was 35 percent in this rural Appalachian community. Today it is six percent. Tourism had a big influence in the turnaround. Without providing direct funding, TVA helped to attract almost $5 million of tourism investments in the community, including a new welcome center, two new campgrounds, three new restaurants, one new motel, six new festivals, two new attractions, three new bed and breakfasts, and improvements at three attractions.

Mr. Myers: Why does that portion of the stewardship budget financed by power proceeds decrease from $20.3 million in FY 95 to $16.5 million in FY 96? This decrease is proposed at the same time that TVA is requesting an increase in appropriations for stewardship activities. Are the federal taxpayers paying more than their fair share for TVA stewardship activities?

Mr. Crowell: Funding for stewardship activities obtained from power proceeds decreased from FY 95 to FY 96 because the power-funded capital improvements required for the Dam Safety program decreased in FY 96.

When each TVA dam was authorized, the costs of construction were allocated according to the amount of benefits obtained for each operating purpose. This allocation formula, which varies from dam to dam, is used to distribute the cost of capital improvements, such as dam safety costs, to revenue sources. Power revenues are used to pay for costs allocated to hydropower, and Congressional appropriations are used to pay for other purposes, such as navigation and flood control.

For FY 96, the dams that were modified under the Dam Safety program required less power funding than the dams that were modified in FY 95. The allocation formulas assure that federal taxpayers paying only their fair share of TVA stewardship activities.

Mr. Myers: Please describe the extent to which projects at the Environmental Research Center are cost-shared by non-Federal interests. Why does the portion of the center's budget financed by nonpower proceeds decrease from $2.6 million in FY 95 to $1.8 million in FY 96? Why are there no nonpower proceeds in FY 94 when last year's budget identified $2.6 million?

Mr. Crowell: The total budget for the Center in FY 96 is $53.4 million, including $32.4 million in appropriations. The remaining $21.0 million is generated in revenues for work for other federal agencies, for TVA's power program, and other non-power proceeds. The nonpower funding decreases from FY 95 to FY 96 due to the completion of a large contract for the Army's Rocky Mountain Arsenal.

There are no non-power proceeds in FY 94 because $2.0 million in revenues and scrap sales, which ordinarily are treated as non-power proceeds, were treated as an offset to non-power expenditures in FY 94. This was an accounting misclassification in 1994 and has been corrected for future years.

Mr. Myers: Please provide a chart showing the FTEs for each appropriated program for FY 1993 through FY 1996. Also show the FTEs funded by power proceeds and reimbursable services.

Mr. Crowell:

FTEs for TVA Programs

Program	FY 1993	FY 1994	FY 1995	FY 1996
Stewardship	781	726	617	617
Land and Water	177	194	206	206
LBL	66	108	92	92
ERC	373	270	340	340
Economic Development	108	129	115	115
Subtotal	1,505	1,427	1,370	1,370
Power and Other	15,781	14,891	14,335	13,507
TVA Total	17,286	16,318	15,705	14,877

Note: Table reflects accounting changes that moved certain Stewardship activities to other categories.

Mr. Myers: Why does the appropriations request for recreation services at Land Between The Lakes balloon to $4.84 million in FY 96 from an appropriated level of $1.48 million in FY 95? Are user fees being charged for recreational services? Are they sufficient? Why were no nonpower proceeds received in FY 94 when last year's budget identified $1.7 million?

Mr. Crowell: The recreation services appropriations request increased primarily due to an accounting and organizational change which moved facility management from Stewardship to the Land Between The Lakes (LBL) budget category. LBL's appropriations budget, including the portion in Stewardship, was $9.8 million in FY 94 and $7.15 million in FY 95, and is proposed at $6.17 million in FY 96.

User fees currently are being charged for recreational services at LBL. The user fees have been set based on surveys and benchmarking of comparable facilities. LBL fees fall in the mid- to upper-range for comparable facilities.

Nonpower proceeds of $1.8 million were received in FY 94 at LBL and were treated as an offset to Nonpower expenditures in FY 94.

Mr. Myers: The budget request for the Environmental Research Center includes funds for biomass research and development and biomass commercialization. Exactly how do these programs differ from the biomass activities being pursued at the Department of Energy? What steps have you taken to ensure that the Center's research activities, such as those involving biomass energy, are not duplicative of other federal research efforts?

Mr. Crowell: TVA and DOE are working on entirely different biomass conversion technologies. TVA's approach is an acid hydrolysis process. DOE's process is enzymatic hydrolysis. DOE is funding part of TVA's work because DOE wants to evaluate the effectiveness of both processes. DOE's National Renewable Energy Laboratory is funding the Center to evaluate a hybrid hydrolysis system, various feedstocks, and pretreatment processes. DOE is also asking the Center to help complete and commercialize a concentrated sulfuric acid hydrolysis process. DOE's Southeastern Regional Biomass Energy Program is managed by the Center. Answers to biomass technology questions are needed to help the Nation prepare for potential alternative fuels in the future.

TVA participates in the National Science and Technology Council's Committee on the Environment and Natural Resources (CENR). The CENR helps identify national research needs and reviews the environmental research agenda of all Federal agencies to make sure agencies do not duplicate one another's research.

The Center conducts a rigorous Peer Review process to help identify emerging environmental issues and to recommend ways to cooperate with, rather than duplicate, the research of other institutions. TVA's intensive internal business planning ensures the Center uses its public funds wisely and most efficiently by addressing only critical environmental problems that impact the Center's customers.

Mr. Myers:	Please detail for the record, costs that would be associated with termination of the appropriated programs of TVA at the beginning of fiscal year 1996.
Mr. Crowell:	If TVA's appropriated programs were terminated in fiscal year 1996, the cost of managing its dams, lands, reservoir, and other facilities, including Land Between the Lakes, would have to be borne by someone. As shown in the President's budget, this amounts to almost $90 million. Discontinuing any of our appropriated program activities requires extensive study in order to assess the economic impact on the Tennessee Valley region. Among the issues to be addressed would be the disposal of lands and facilities, including environmental cleanup costs at the former fertilizer production plants (site of the Environmental Research Center) at Muscle Shoals, Alabama; contractual obligations, as well as reductions in force.

Mr. Myers: The Washington Post recently voiced its editorial opposition to the efforts of certain U.S. Senators to exclude the TVA from the impacts of the proposed balanced budget amendment to the U.S. Constitution. What is the Authority's position on this issue?

Mr. Crowell: TVA fully supports the exemption for its self-financing electric power program. The receipts and outlays of the power program are not part of the problem the balanced budget amendment is directed at solving. The Senate Judiciary expressly provided in its committee report that the amendment does not cover the TVA power program. That committee has consistently taken this same action each time it reported a balanced budget amendment during the past 10 years.

Unfortunately, the Washington Post editorial was based on erroneous information about both the TVA electric power system and actions of the Senate Judiciary Committee. First, the exemption for TVA applied only to its electric power program, which is completely self-financing and self-supporting. It does not apply to TVA's nonpower programs, which get appropriations like other Federal programs and should not be exempt.

As this committee knows, the TVA power program is financially independent from the rest of the Government. It survives only on the revenues it receives from the sale of electric power. Those revenues supply the funds to pay its expenses. Those revenues are also the only security for power program borrowings. Power bonds are by law neither obligations of nor guaranteed by the United States Government. Taxpayer funds are not used for the power program. Even capital and operating expenses for TVA multipurpose dams are allocated to power and nonpower, and the power program pays for its share.

The Washington Post also relied on statements being made by Senator Feingold on the basis of a CBO report without checking its accuracy. They claim that the TVA power program is subsidized. Quite simply, CBO is wrong. It misread TVA's budget. It looked only at the appropriations side of TVA. CBO noticed that appropriations are used for multipurpose projects, and it jumped to the conclusion that these appropriations pay all multipurpose costs. CBO failed to notice that the TVA power program also pays to maintain its share of those same projects. The CBO error has been explained to both CBO and the Senator, but it still keeps coming up.

Mr. Myers: Legislation has been introduced in the House to privatize the TVA. What is your position on this bill? Does TVA categorically oppose privatization or is the Authority considering privatization options that would better serve the local ratepayers and federal taxpayers?

Mr. Crowell: TVA has yet to see a privatization proposal that would be in the best interests of the customers it serves and will oppose any proposal, including the legislation presently pending, that does not guarantee that TVA's customers will benefit. Privatization would result in higher power rates, and TVA's customers should not have to pay higher rates in order for political objectives, rather than business objectives, to be advanced.

The size and complexity of the TVA power system, its substantial nuclear power investment, the need for the rights of TVA's bondholders to be fully secured, and the overriding importance of maintaining a reliable, competitively-priced source of power to meet the electric power requirements of the 8 million citizens and businesses in the Tennessee Valley region make it unlikely that any proposal to sell TVA to private investors would be beneficial to TVA's customers or the Nation's taxpayers.

Mr. Myers: TVA has called for an end to restrictions that prevent the Authority from selling power to customers outside of its service territory. Would efforts to compete in electricity markets nationwide be consistent with the traditional mission of a not-for-profit public utility like TVA?

Mr. Crowell: There is no inconsistency between TVA's being non-profit and TVA's doing business outside its traditional geographic area. In fact, the change is consistent with what is happening in the industry. The very concept of a service territory is rapidly disappearing, and TVA must change to remain a competitive force, which was, after all, why TVA was created in the first place.

Before the 1959 enactment of TVA's self-financing authority, TVA had no service territory as such. TVA simply sold power to those who wished to purchase it. Geographically, however, things had remained fairly stable since the mid-1940s. Private electric utilities, who were beneficiaries of exclusive service territories created by state public service commissions, insisted that TVA be prohibited from selling in their territories in exchange for receiving self-financing authority.

But the last several years have witnessed a rapid change in the electric utility industry. The business dealings of many are ranging far afield of their traditional service territories. Increasingly, utility regulators are allowing and encouraging utilities to compete with one another. This encouragement is, of course, consistent with congressional intent expressed in the Energy Policy Act of 1992. Competition--not restricted and exclusive service territories--is the hallmark of the future.

In order to make sure that TVA is positioned to function in this new utility environment, TVA has commissioned Palmer Bellevue, a division of Coopers and Lybrand, to take a look at the facts pertaining to the TVA service territory restriction.

Mr. Myers:	Certain tourist companies have recently complained that TVA's plans to construct cabins, bunkhouses, and a supply center at Land Between The Lakes represent unfair competition. Do these entrepreneurs have a valid concern?
Mr. Crowell:	Like other federal land-managing agencies, TVA has been working on ways to recover more of expenses by cutting operating costs and increasing income. Improvements in our full-service campgrounds have increased revenues more than 74 percent in the past four years. The camping cabins, bunkhouses and campground service center are a continuation of the improvements customers have been requesting. The cabins and the bunkhouses are basic wooden shelters with no amenities other than electricity (no running water, baths, etc). They are designed to attract families who want to camp but do not have camping equipment. The service center is located in one of the campgrounds; will rent recreation equipment; and will sell only a few camping supply items such as ice, firewood, lantern fuel, and canned goods. LBL is the centerpiece of a $400 million regional tourism industry. More than 2 million visitors from across the U.S. and around the world are attracted to LBL each year. A 1987 survey showed that LBL visitors spend an average of $150 per trip while in the region. Of that amount, more than two-thirds is spent in area businesses outside of LBL. The cabins and other improvements to our existing campgrounds will attract more business to the region. There are no other camping cabins or bunkhouses in the region, so they should not be competitive. We have sold ice, firewood, and insect repellent in the campgrounds for several years. The few added supplies should not negatively impact area businesses. No major new services are planned at LBL until a Public Use Planning initiative is completed in 1996. All interested groups, including area businesses, will be asked to participate in planning LBL's future.

Mr. Myers: The subcommittee understands that TVA currently has outstanding debt of approximately $26 billion and that debt is projected to increase by $585 million in FY 96. What steps is the Authority taking to stabilize its debt? When will Congress be asked to increase TVA's current debt limit of $30 billion?

Mr. Crowell: TVA is reducing capital expentitures in an effort to stabilize borrowings. Although debt is projected to increase by $585 million in FY 96, this is a reduction of over $400 million from FY 95. An additional reduction of approximately $400 million is projected for FY 97.

In December 1994, TVA announced an internal cap on borrowings of $27 - $28 billion. TVA does not anticipate requesting an increase in the $30 billion debt ceiling unless future legislated changes make such an increase necessary.

Mr. Myers: Please estimate the annual tax revenue to the federal government that the power program of TVA would generate if it were privatized.

Mr. Crowell: It is really impossible to estimate the Federal income taxes TVA would pay today if it were a private electric utility. As you know, Federal income taxes are not only a function of revenues received and business expenses incurred in any single year, but also a myriad of tax credits and depreciation schedules at different rates and for different kinds of property and often depend on which year that property was first put into service. Moreover, unused tax credits can be carried forward from year to year, and tax returns of earlier years can be amended. Consequently, the income taxes actually paid during any single year is typically the net result of all these variables in the tax returns for several years (the current year and amended returns for earlier years).

In addition, a private electric utility follows two separate accounting systems: one for financial accounting and the other for tax purposes. TVA's records are kept only in accordance with the financial accounting system.

Mr. Myers: What is the schedule for restarting Browns Ferry Nuclear Plant Unit 3? What major elements of recovery work remain to be performed? Have any decisions been made as to the potential restart of Browns Ferry Unit 1?

Mr. Crowell: The present schedule shows Unit 3 achieving full power in February 1996. This schedule has remained constant since the reforecast in 1993 which was based on the experience of Unit 2's Restart Program.

About 5 percent of the bulk modification work (electrical conduit, cable, pipe hangers, etc.) remains to be completed. The remaining work consists of corrective and preventative maintenance, component and system testing, procedure revisions, document updates, and required inspections (Operational Readiness). This will be followed by core load (Fall of 1995) and power ascension testing.

The decision regarding Unit 1 will be made as part of the Integrated Resource Planning (IRP) process.

Mr. Myers: At what cost are industrial and residential ratepayers currently purchasing electricity produced at Browns Ferry Nuclear Plant Unit 2?

Mr. Crowell: Ratepayers do not purchase electricity at a plant-specific cost. Power generated from each plant makes up the TVA power system and rates are based on the collective costs of all the units in the system.

TVA average revenue in Fiscal Year (FY) 1994 was 4.2 cents per kilowatt-hour sold. Average rates paid by consumers of TVA power in FY 1994 (includes distributor costs) were 5.9 cents per kilowatt-hour for residential customers and 3.73 cents per kilowatt-hour for industrial customers. For comparison, Browns Ferry Unit 2 production costs for FY 1994 were 2.2 cents per kilowatt-hour.

Mr. Myers: Please identify by type, net generation of electricity for FY 1993 through FY 1999.

Mr. Crowell:

Year:	1993	1994	1995*	1996*	1997*	1998*	1999*
Total Generation in millions of kilowatt-hours:	127,829	130,849	139,702	144,252	147,645	151,942	152,456
Percent of Total Generation Source:							
Coal	76.0	70.4	70.7	66.7	67.7	66.6	66.3
Hydro	14.1	15.4	12.2	11.9	11.6	11.3	11.3
Nuclear	9.6	14.0	16.5	20.9	20.3	21.3	21.3
CTs	0.2	0.2	0.6	0.5	0.4	0.7	1.1

* Estimated based on October 1994 medium load forecast

Mr. Myers: By program, please identify each type of nonpower proceed used to fund Resource Group activities by year for FY 1992 through FY 1996.

Mr. Crowell:

Resource Group Nonpower Proceeds by year for FY92 through FY96

Description	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996
Recreation fees	477	527	-	-	-
Timber sales	1,468	1,779	-	-	-
LBL fees	2,011	2,004	1,857*	2,965	3,300
Reclamation sales	999	1,775	2,025*	2,607	1,800
Mineral rights payments	975	975	-	-	-
Licenses and leases	450	597	-	-	-
Fertilizer sales	693	-	-	-	-
Interest income	4,603	3,120	3,378*	-	-
Asset sales	816	-	317*	-	-
Reservior system op	-	-	660	-	-
Long-term receivables	-	-	975	-	-
Stewardship programs	-	-	-	1,530	2,100
Other	353	363	333*	-	-
Total nonpower	$12,845	$11,140	$9,545	$7,102	$7,200

* These proceeds were misclassified and treated as an offset to expenditures in 1994.

Mr. Myers: Please list each TVA office ouside of Knoxville, Tennessee; include a description of each office, the programs conducted at each, the number of customers helped at each office, the number of employees and the cost of maintaining each office, and the source of funds paying for each office.

Mr. Crowell: The attached table provides the requested information. TVA staff would be happy to met with you to discuss any points which need additional clarification.

Resource Group and Economic Development are located in a variety of facilities, part of which are owned and part of which are leased. The majority of the leased facilities are leased by Corporate Facilities for TVA. In FY95 the appropriated portion of the Corporate costs for facilities is $10,144,000 for approximately 1140 employees or approximately $8900 per employee (annual basis). This number was used to establish facility costs in all Corporate leased facilities.

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Resource Group and Economic Development Office Space
Located outside Knoxville and Maintained with Appropriated Funds

Sorted by Location and Building

Location	Building	Annual Appropriated Facility Costs	Office Description	#Empl	Customers	
					External	Internal
Athens, AL	A&C Bldg	$44,500				
			Engineering Field Office	5	10	50
			Programs in this office: Provide field engineering support to Resource Group and other TVA organizations requesting it			
Athens, TN	Congress Parkway	$35,600				
			Maintenance District Office	4	8,580	113
			Programs in this office: Supervision of property maintenance and grounds keeping for reservations and reservoirs in the district			
Bear Creek, AL	maintenance base	$3,000				
			Maintenance Base	4	25,000	2,000
			Programs in this office: Property maintenance and grounds keeping at 11 sites			
Beaver Dam, KY	Fuqua Bldg	$8,900				
			Engineering Field Office	1	2	6
			Programs in this office: Provide field engineering support to Resource Group and other TVA organizations requesting it			
Big Sandy, TN	maintenance base	$7,000				
			Maintenance Base	9	30,000	5,000
			Programs in this office: Property maintenance and grounds keeping at 16 sites			
Blountville, TN	Munson Bldg	$17,800				
			Engineering Field Office	1	6	2
			Programs in this office: Provide field engineering support to Resource Group and other TVA organizations requesting it			
			Maintenance District Office	1	58	7
			Programs in this office: Supervision of property maintenance and grounds keeping for reservations and reservoirs in the district			

Resource Group and Economic Development Office Space
Located outside Knoxville and Maintained with Appropriated Funds

Sorted by Location and Building

Location	Building	Annual Appropriated Facility Costs	Office Description	#Empl	Customers External	Customers Internal
Boone Dam, NC						
	maintenance base	$2,331				
			Maintenance Base	7	3,000	100
			Programs in this office Property maintenance and grounds keeping for reservation and reservoir			
Browns Ferry, AL						
	ARL	$71,200				
			Water Management Laboratory	8	4	8
			Programs in this office Environmental Chemistry Toxicity Testing			
Chattanooga, TN						
	Chestnut Ctr	$195,800				
			Engineering Field Office	19	40	400
			Programs in this office: Provide field engineering support to Resource Group and other TVA organizations requesting it			
			Human Resource Field Office	1	6	310
			Programs in this office Delivery of human resources, programs, services, and support to Resource Group and Economic Development employees, organizations and the public			
			Water Management Field Office	45	12	19
			Programs in this office Clean Water Initiative Environmental Compliance			
	COC	$35,600				
			Engineering Field Office	4	40	400
			Programs in this office Provide field engineering support to Resource Group and other TVA organizations requesting it			

Resource Group and Economic Development Office Space
Located outside Knoxville and Maintained with Appropriated Funds

Sorted by Location and Building

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Location	Building	Annual Appropriated Facility Costs	Office Description	#Empl	Customers External	Customers Internal
Chattanooga, Tn	**Corporate Ctr**	$222,500				
			Water Management Field Office	25	12	19
			Programs in this office: Environmental Chemistry Laboratory			
	Edney Bldg	$427,200				
			Business Services Field Office	8	0	3,200
			Programs in this office: Financial and contractual services for Resource Group			
			Economic Development Field Off	9	17	0
			Programs in this office: Business Development : Work Force Skills Training, Waste Reduction and Technology Transfer, Small Business Development. Community Development. Quality Communities, Tourism Development, Minority Economic Development Technology Development: Information Technology, Telecommunications			
			Land Management Field Office	31	1,000	0
			Programs in this office: Stewardship of TVA land and natural resources Process requests for structures/construction along Tennessee River and tributaries Ensure compatibility and environmental compliance of river development with other TVA functions Management of campgrounds, trails, stream/lake access sites Process acquisition, sales and transfers of land			
	Haney Bldg	$445,000				
			Engineering Field Office	48	40	400
			Programs in this office: Provide field engineering support to Resource Group and other TVA organizations requesting it			
			Facilities Planning Office	2	0	1,500
			Programs in this office: Facility space coordination for Resource Group and Economic Development employees in Chattanooga and the central region			

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Resource Group and Economic Development Office Space
Located outside Knoxville and Maintained with Appropriated Funds

Sorted by Location and Building

Location	Building	Annual Appropriated Facility Costs	Office Description	#Empl	Customers External	Customers Internal
Chattanooga, Tn	**Hickory Valley**	$53,400				
			Engineering Field Office	6	40	400
			Programs in this office Provide field engineering support to Resource Group and other TVA organizations requesting it			
	Warehouse Row	$640,800				
			Business Services Field Office	2	0	800
			Programs in this office. Financial and contractual services for Resource Group			
			Economic Development Field Off	10	17	0
			Programs in this office: Business Development Work Force Skills Training, Waste Reduction and Technology Transfer, Small Business Development Community Development: Quality Communities, Tourism Development, Minority Economic Development Technology Development Information Technology, Telecommunications			
			Technology Advancements Office	60	20	250
			Programs in this office Technology Planning and Support Energy Options Development Environmental Technology Development Transmission, Distribution and End Use Technologies			
Cherokee Dam, NC						
	maintenance base	$4,000				
			Maintenance Base	2	5,000	100
			Programs in this office Property maintenance and grounds keeping for reservation and reservoir			
Chickamauga, TN						

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Resource Group and Economic Development Office Space
Located outside Knoxville and Maintained with Appropriated Funds

Sorted by Location and Building

Location	Building	Annual Appropriated Facility Costs	Office Description		#Empl	Customers	
						External	Internal
Chattanooga, Tn	**Highway 58**	$71,200					
			Land Management Field Office		8	8,000	0
			Programs in this office.	Stewardship of TVA land and natural resources			
				Process requests for structures/construction along Tennessee River and tributaries			
				Ensure compatibility and environmental compliance of river development with other TVA functions			
				Management of campgrounds, trails, stream/lake access sites			
				Process acquisition, sales and transfers of land			
	maintenance base	$5,000					
			Maintenance Base		6	10,000	100
			Programs in this office.	Property maintenance and grounds keeping for reservation and reservoir			
	Power Service Ctr	$267,000					
			Engineering Field Office		30	40	400
			Programs in this office	Provide field engineering support to Resource Group and other TVA organizations requesting it			
Fontana, TN							
	maintenance base	$4,000					
			Maintenance Base		2	50	250
			Programs in this office:	Property maintenance and grounds keeping for reservation and reservoir			

Resource Group and Economic Development Office Space
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Sorted by Location and Building

Location	Building	Annual Appropriated Facility Costs	Office Description	#Empl	Customers External	Customers Internal
Fooshee, TN						
	maintenance base Ten Mile	$6,000				
			Maintenance Base	8	500	27
			Programs in this office: Property maintenance and grounds keeping for reservation and reservoir			
Fort Loudoun Dam, TN						
	maintenance base	$5,000				
			Maintenance Base	6	4,000	250
			Programs in this office: Property maintenance and grounds keeping for reservation and reservoir			
Golden Pond, KY						
	Admin Bldg	$70,758				
			Business Services Field Office	1	0	400
			Programs in this office: Financial and contractual services for Resource Group			
			Human Resource Field Office	1	500	184
			Programs in this office: Delivery of human resources, programs, services, and support to Resource Group and Economic Development employees, organizations and the public			
			Land Between the Lakes Office	109	2,400,000	0
			Programs in this office: Recreation camping Day use services Resident Centers LBL wide maintenance Public use/EIS Resource stewardship			

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Resource Group and Economic Development Office Space
Located outside Knoxville and Maintained with Appropriated Funds

Sorted by Location and Building

Location	Building	Annual Appropriated Facility Costs	Office Description	#Empl	Customers External	Customers Internal
Guntersville, TN						
	maintenance base	$12,580				
			Maintenance Base	11	350,000	25,000
			Programs in this office Property maintenance and grounds keeping at 12 sites			
	Whitaker Bldg	$62,300				
			Land Management Field Office	7	10,000	0
			Programs in this office Stewardship of TVA land and natural resources Process requests for structures/construction along Tennessee River and tributaries Ensure compatibility and environmental compliance of river development with other TVA functions Management of campgrounds, trails, stream/lake access sites Process acquisition, sales and transfers of land			
Hiwassee, TN						
	maintenance base	$6,000				
			Maintenance Base	10	2,000	19
			Programs in this office. Property maintenance and grounds keeping for reservation and reservoir			
Hollywood, AL						
	Shopping Center	$35,600				
			Engineering Field Office	4	10	50
			Programs in this office Provide field engineering support to Resource Group and other TVA organizations requesting it			
Hopkinsville, KY						
	Hammond Plaza	$53,400				
			Economic Development Field Off	6	24	0
			Programs in this office. Business Development Work Force Skills Training, Waste Reduction and Technology Transfer, Small Business Development Community Development Quality Communities, Tourism Development, Minority Economic Development			

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Resource Group and Economic Development Office Space
Located outside Knoxville and Maintained with Appropriated Funds

Sorted by Location and Building

Location	Building	Annual Appropriated Facility Costs	Office Description		#Empl	Customers External	Customers Internal
Hopkinsville, KY							
				Technology Development Information Technology, Telecommunications			
Huntsville, Al	**Amsouth Bldg**	$35,600	***Economic Development Field Off***		4	16	0
			Programs in this office	Business Development Work Force Skills Training, Waste Reduction and Technology Transfer, Small Business Development			
				Community Development Quality Communities, Tourism Development, Minority Economic Development			
				Technology Development Information Technology, Telecommunications			
Jackson, TN	**Cust Serv Ctr**	$26,700	***Economic Development Field Off***		3	15	0
			Programs in this office	Business Development Work Force Skills Training, Waste Reduction and Technology Transfer, Small Business Development			
				Community Development Quality Communities, Tourism Development, Minority Economic Development			
				Technology Development Information Technology, Telecommunications			
Kentucky Dam, KY	**maintenance base**	$5,180	***Maintenance Base***		12	1,018,000	55,000
			Programs in this office	Property maintenance and grounds keeping at 9 sites			

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Resource Group and Economic Development Office Space
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Sorted by Location and Building

Location	Building	Annual Appropriated Facility Costs	Office Description		#Empl	Customers External	Customers Internal
Kingsport, TN							
	Colonial Heights	$44,500					
			Land Management Field Office		5	10,000	0
			Programs in this office	Stewardship of TVA land and natural resources			
				Process requests for structures/construction along Tennessee River and tributaries			
				Ensure compatibility and environmental compliance of river development with other TVA functions			
				Management of campgrounds, trails, stream/lake access sites			
				Process acquisition, sales and transfers of land			
Kingston, TN							
	Pickel Bldg	$35,600					
			Engineering Field Office		4	10	50
			Programs in this office	Provide field engineering support to Resource Group and other TVA organizations requesting it			
Knoxville, TN							
	Greenway	$46,000					
			Engineering Field Office		22	50	500
			Programs in this office	Provide field engineering support to Resource Group and other TVA organizations requesting it			
Lenoir City, TN							
	Third National Bank	$97,900					
			Land Management Field Office		8	2,000	0
			Programs in this office	Stewardship of TVA land and natural resources			
				Process requests for structures/construction along Tennessee River and tributaries			
				Ensure compatibility and environmental compliance of river development with other TVA functions			
				Management of campgrounds, trails, stream/lake access sites			

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Sorted by Location and Building

Location	Building	Annual Appropriated Facility Costs	Office Description	#Empl	Customers External	Customers Internal
Lenoir City, TN						
			Process acquisition, sales and transfers of land			
			Maintenance District Office	3	2,000	100
			Programs in this office: Management of property maintenance operations and grounds keeping at Melton Hill, Fort Loudoun, Tellico and Fontana Dams			
Lexington, TN						
	Hatchett Bldg	$8,900				
			Engineering Field Office	1	2	6
			Programs in this office: Provide field engineering support to Resource Group and other TVA organizations requesting it			
	maintenance base	$7,000				
			Maintenance Base	6	27,000	2,000
			Programs in this office: Property maintenance and grounds keeping at 16 sites			
Melton Hill Dam, TN						
	maintenance base	$4,000				
			Maintenance Base	6	3,000	250
			Programs in this office: Property maintenance and grounds keeping for reservation and reservoir			
Melton Hill, TN						
	<Unnamed>	$62,300				
			Land Management Field Office	7	8,000	0
			Programs in this office: Stewardship of TVA land and natural resources Process requests for structures/construction along Tennessee River and tributaries Ensure compatibility and environmental compliance of river development with other TVA functions Management of campgrounds, trails, stream/lake access sites Process acquisition, sales and transfers of land			

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Sorted by Location and Building

Location	Building	Annual Appropriated Facility Costs	Office Description		#Empl	Customers External	Customers Internal
Memphis(Cordova), TN							
	Koger Center	$62,300					
			Economic Development Field Off		7	33	0
			Programs in this office	Business Development Work Force Skills Training Waste Reduction and Technology Transfer Small Business Development			
				Community Development Quality Communities. Tourism Development. Minority Economic Development			
				Technology Development Information Technology Telecommunications			
Morristown, TN							
	Westgate	$62 300					
			Land Management Field Office		5	9 000	0
			Programs in this office	Stewardship of TVA land and natural resources			
				Process requests for structures/construction along Tennessee River and tributaries			
				Ensure compatibility and environmental compliance of river development with other TVA functions			
				Management of campgrounds trails stream/lake access sites			
				Process acquisition sales and transfers of land			
			Maintenance District Office		2	9 000	100
			Programs in this office	Supervision of property maintenance and grounds keeping for reservations and reservoirs in the district			
Murphy, NC							
	Engineering Field Office	$35 600					
			Engineering Field Office		4	2	6
			Programs in this office	Provide field engineering support to Resource Group and other TVA organizations requesting it			

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Resource Group and Economic Development Office Space
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Sorted by Location and Building

Location	Building	Annual Appropriated Facility Costs	Office Description		#Empl	Customers External	Customers Internal
Murphy, NC	**Land Management Office**	$44,500					
			Land Management Field Office		5	10 000	0
			Programs in this office	Stewardship of TVA land and natural resources			
				Process requests for structures/construction along Tennessee River and tributaries			
				Ensure compatibility and environmental compliance of river development with other TVA functions			
				Management of campgrounds, trails, stream/lake access sites			
				Process acquisition, sales and transfers of land			
Muscle Shoals, AL							
	Ag. Greenhouse Bldg	$35,600					
			Environmental Research Lab		3	4,000	1,000
			Programs in this office	Air modeling and assessments to improve regulatory models			
				Bioremediation techniques to improve standard practices with less expensive and more effective methods			
				Innovative waste treatment technologies for integration into the remediation marketplace			
			Property Maintenance Office		1	200	80
			Programs in this office	Environmental research			
	Chemical Engg Bldg	$430,794					
			Environmental Research Lab		126	4,000	1,000
			Programs in this office	Air modeling and assessments to improve regulatory models			
				Bioremediation techniques to improve standard practices with less expensive and more effective methods			
				Innovative waste treatment technologies for integration into the remediation marketplace			

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Resource Group and Economic Development Office Space Located outside Knoxville and Maintained with Appropriated Funds

Sorted by Location and Building

Location	Building	Annual Appropriated Facility Costs	Office Description	#Empl	Customers External	Customers Internal
Muscle Shoals, AL	**Engineering Lab Annex**	$35,600				
			Environmental Research Lab	2	4,000	1,000
			Programs in this office Air modeling and assessments to improve regulatory models Bioremediation techniques to improve standard practices with less expensive and more effective methods Innovative waste treatment technologies for integration into the remediation marketplace			
			Property Services Office	2	40	50
			Programs in this office Stewardship and environmental support			
	ERC	$898,900				
			Business Services Field Office	2	0	800
			Programs in this office Financial and contractual services for Resource Group			
			Environmental Research Lab	96	5,000	0
			Programs in this office Air modeling and assessments to improve regulatory models Bioremediation techniques to improve standard practices with less expensive and more effective methods Innovative waste treatment technologies for integration into the remediation marketplace			
			Human Resource Field Office	3	720	364
			Programs in this office Delivery of human resources, programs, services, and support to Resource Group and Economic Development employees, organizations and the public			
	Field Engineering Bldg	$10,000				
			Engineering Field Office	20	100	1,000
			Programs in this office Field engineering support to Resource Group and other TVA organizations requesting it			
	maintenance base	$7,400				
			Maintenance Base	13	3,000,000	750,000
			Programs in this office Property maintenance and grounds keeping at 24 sites			

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Location	Building	Annual Appropriated Facility Costs	Office Description	#Empl	Customers External	Customers Internal
MuscleShoals, AL	**Maintenance Shops**	$73,000				
			Repair and fabrication shops	23	80	130
			Programs in this office: Stewardship and environmental support			
	Office Svc Warehse Annex	$222,500				
			Water Management Field Office	25	11	5
			Programs in this office. Clean Water Initiative Environmental Compliance			
	Pilot Plant	$29,000				
			Property Maintenance Office	6	50	100
			Programs in this office. Environmental research			
	Power Service Shops	$0				
			Maintenance and Repair Shops	2	0	200
			Programs in this office. Air modeling and assessments to improve regulatory models Bioremediation techniques to improve standard practices with less expensive and more effective methods Innovative waste treatment technologies for integration into the remediation marketplace			
	Reclamation Office	$27,000				
			Property Services Office	2	150	160
			Programs in this office: Stewardship			
	Service Bldg	$133,500				
			Economic Development Field Off	7	33	0
			Programs in this office Business Development Work Force Skills Training, Waste Reduction and Technology Transfer, Small Business Development Community Development: Quality Communities, Tourism Development, Minority Economic Development Technology Development Information Technology, Telecommunications			
			Land Management Field Office	6	9,000	0
			Programs in this office. Stewardship of TVA land and natural resources			

Resource Group and Economic Development Office Space
Located outside Knoxville and Maintained with Appropriated Funds

Sorted by Location and Building

Location	Building	Annual Appropriated Facility Costs	Office Description	#Empl	Customers	
					External	Internal
Muscle Shoals, AL						
			Process requests for structures/construction along Tennessee River and tributaries			
			Ensure compatibility and environmental compliance of river development with other TVA functions			
			Management of campgrounds, trails, stream/lake access sites			
			Process acquisition, sales and transfers of land			
			Facilities Planning Office	2	0	2,500
			Programs in this office: Facility space coordination for Resource Group and Economic Development employees in Muscle Shoals and the western region			
	Systems Engineering Bldg	$8,500				
			Engineering Field Office	17	100	1,000
			Programs in this office Field engineering support to Resource Group and other TVA organizations requesting it			
	Water Plant	$5,000				
			Property Maintenance Office	6	350	350
			Programs in this office Utility services			
	Western Region Admin Bldg	$9,000				
			Regional Office	24	150	260
			Programs in this office. Stewardship and environmental support			
	Wetlands Bldg	$8,000				
			Environmental Research Lab	6	0	150
			Programs in this office Air modeling and assessments to improve regulatory models			
			Bioremediation techniques to improve standard practices with less expensive and more effective methods			
			Innovative waste treatment technologies for integration into the remediation marketplace			
			Property Maintenance Office	3	350	80
			Programs in this office: Environmental research			

Resource Group and Economic Development Office Space
Located outside Knoxville and Maintained with Appropriated Funds

Sorted by Location and Building

Location	Building	Annual Appropriated Facility Costs	Office Description	#Empl	Customers	
					External	Internal
Nashville, TN						
	Highland Ridge	$142,400				
			Economic Development Field Off	10	37	0
			Programs in this office. Business Development Work Force Skills Training, Waste Reduction and Technology Transfer, Small Business Development. Community Development Quality Communities, Tourism Development, Minority Economic Development Technology Development: Information Technology, Telecommunications			
			Land Management Field Office	6	10,000	0
			Programs in this office. Stewardship of TVA land and natural resources Process requests for structures/construction along Tennessee River and tributaries Ensure compatibility and environmental compliance of river development with other TVA functions Management of campgrounds, trails, stream/lake access sites Process acquisition, sales and transfers of land			
Nickajack, TN						
	maintenance base	$260				
			Maintenance Base	4	60,000	3
			Programs in this office: Property maintenance and grounds keeping for reservation			
Normandy, TN						
	maintenance base	$4,440				
			Maintenance Base	4	60,000	10,000
			Programs in this office. Property maintenance and grounds keeping at 10 sites			

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Resource Group and Economic Development Office Space
Located outside Knoxville and Maintained with Appropriated Funds

Sorted by Location and Building

Location	Building	Annual Appropriated Facility Costs	Office Description	#Empl	Customers External	Customers Internal
Norris, TN						
	Aquatic Biology Lab	$13,200				
			Environmental Research Lab	1	4,000	1,000
			Programs in this office Air modeling and assessments to improve regulatory models Bioremediation techniques to improve standard practices with less expensive and more effective methods Innovative waste treatment technologies for integration into the remediation marketplace			
			Water Management Laboratory	23	13	5
			Programs in this office Clean Water Initiative Environmental Compliance			
	Engineering Lab	$30,750				
			Engineering Field Office	79	125	600
			Programs in this office Field engineering support to Resource Group and other TVA organizations requesting it			
	Forestry Bldg	$29,520				
			Business Services Field Office	1	0	400
			Programs in this office Financial and contractual services for Resource Group			
			Environmental Research Lab	5	50	50
			Programs in this office Air modeling and assessments to improve regulatory models Bioremediation techniques to improve standard practices with less expensive and more effective methods Innovative waste treatment technologies for integration into the remediation marketplace			
			Land Management Field Office	32	1,000	0
			Programs in this office Stewardship of TVA land and natural resources Process requests for structures/construction along Tennessee River and tributaries Ensure compatibility and environmental compliance of river development with other TVA functions Management of campgrounds, trails, stream/lake access sites			

Resource Group and Economic Development Office Space
Located outside Knoxville and Maintained with Appropriated Funds

Sorted by Location and Building

Location	Building	Annual Appropriated Facility Costs	Office Description		#Empl	Customers External	Customers Internal
Norris, TN							
				Process acquisition, sales and transfers of land			
			Regional Office		10	0	210
			Programs in this office	Management of property maintenance and grounds keeping for Norris reservation and Norris office facilities			
	maintenance base	$800					
			Maintenance Base		4	10,000	100
			Programs in this office	Property maintenance and grounds keeping for Norris reservation			
	Maintenance Shops	$7,400					
			Maintenance and Repair Shops		4	2,000	250
			Programs in this office	Electrical and mechanical maintenance and repair of Norris facilities			
	Modular Trailer	$53,400					
			Land Management Field Office		6	7,000	0
			Programs in this office	Stewardship of TVA land and natural resources			
				Process requests for structures/construction along Tennessee River and tributaries			
				Ensure compatibility and environmental compliance of river development with other TVA functions			
				Management of campgrounds, trails, stream/lake access sites			
				Process acquisition, sales and transfers of land			
	Natural Resources Bldg	$36,900					
			Economic Development Field Off		1	10	10
			Programs in this office	Business Development Work Force Skills Training, Waste Reduction and Technology Transfer, Small Business Development			
				Community Development Quality Communities, Tourism Development, Minority Economic Development			
				Technology Development Information Technology, Telecommunications			

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(locbldg3 frx)

Resource Group and Economic Development Office Space Located outside Knoxville and Maintained with Appropriated Funds

Sorted by Location and Building

Location	Building	Annual Appropriated Facility Costs	Office Description	#Empl	Customers External	Customers Internal
Norris, TN						
			Engineering Field Office	15	125	600
			Programs in this office Provide field engineering support to Resource Group and other TVA organizations requesting it			
			Land Management Field Office	40	1,000	0
			Programs in this office Stewardship of TVA land and natural resources Process requests for structures/construction along Tennessee River and tributaries Ensure compatibility and environmental compliance of river development with other TVA functions Management of campgrounds, trails, stream/lake access sites Process acquisition, sales and transfers of land			
			Site Engineering Office	6	100	100
			Programs in this office Engineering, architectural and landscape design			
Oak Ridge, TN						
	<Unnamed>	$0				
			Environmental Research Lab	5	4,000	1,000
			Programs in this office Air modeling and assessments to improve regulatory models Bioremediation techniques to improve standard practices with less expensive and more effective methods Innovative waste treatment technologies for integration into the remediation marketplace			
Paducah, KY						
	Shawnee	$0				
			Center for Emissions Research	43	36	20
			Programs in this office Technology Planning and Support Energy Options Development Environmental Technology Development			

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Resource Group and Economic Development Office Space
Located outside Knoxville and Maintained with Appropriated Funds

Sorted by Location and Building

Location	Building	Annual Appropriated Facility Costs	Office Description	#Empl	Customers External	Customers Internal
Paducah, KY						
			Transmission, Distribution and End Use Technologies			
Paris, TN	**<Unnamed>**	$89,000				
			Engineering Field Office	2	2	6
			Programs in this office Provide field engineering support to Resource Group and other TVA organizations requesting it			
			Land Management Field Office	8	9,000	0
			Programs in this office Stewardship of TVA land and natural resources Process requests for structures/construction along Tennessee River and tributaries Ensure compatibility and environmental compliance of river development with other TVA functions Management of campgrounds, trails, stream/lake access sites Process acquisition, sales and transfers of land			
Pickwick Dam, TN						
	maintenance base	$3,700				
			Maintenance Base	5	600,000	45,000
			Programs in this office Property maintenance and grounds keeping at 8 sites			
Pulaski, TN						
	Brindley Bldg	$17,800				
			Engineering Field Office	2	2	6
			Programs in this office Provide field engineering support to Resource Group and other TVA organizations requesting it			

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Resource Group and Economic Development Office Space
Located outside Knoxville and Maintained with Appropriated Funds

Sorted by Location and Building

Location	Building	Annual Appropriated Facility Costs	Office Description	#Empl	Customers External	Customers Internal
South Holston, TN						
	maintenance base	$2,035				
			Maintenance Base	5	3 000	100
			Programs in this office Property maintenance and grounds keeping for reservation and reservoir			
Ten Mile, TN						
	<Unnamed>	$53,400				
			Engineering Field Office	6	10	50
			Programs in this office Provide field engineering support to Resource Group and other TVA organizations requesting it			
Tupelo, MS						
	N. Gloster	$53 400				
			Economic Development Field Off	6	25	5
			Programs in this office Business Development Work Force Skills Training Waste Reduction and Technology Transfer Small Business Development Community Development Quality Communities Tourism Development Minority Economic Development Technology Development Information Technology Telecommunications			
Watauga Dam, TN						
	maintenance base	$2,346				
			Maintenance Base	4	3 000	100
			Programs in this office Property maintenance and grounds keeping for reservation and reservoir			
Watts Bar Dam, TN						
	maintenance base	$6,000				
			Maintenance Base	8	3 000	19
			Programs in this office Property maintenance and grounds keeping for reservation and reservoir			

Resource Group and Economic Development Office Space
Located outside Knoxville and Maintained with Appropriated Funds

Sorted by Location and Building

Location	Building	Annual Appropriated Facility Costs	Office Description		#Empl	Customers	
						External	Internal
Wheeler Res, AL							
	maintenance base	$4,440					
			Maintenance Base		5	800,000	35,000
			Programs in this office	Property maintenance and grounds keeping at 13 sites			
Wheeler, AL							
	<Unnamed>	$44,500					
			Land Management Field Office		5	10,000	0
			Programs in this office	Stewardship of TVA land and natural resources			
				Process requests for structures/construction along Tennessee River and tributaries			
				Ensure compatibility and environmental compliance of river development with other TVA functions			
				Management of campgrounds, trails, stream/lake access sites			
				Process acquisition, sales and transfers of land			

Mr. Myers: Please assure the Committee that no appropriated funds are being used to supplement any power programs of TVA or to supplement contracts offered to communities to review contracts for TVA power.

Mr. Crowell: TVA does not use any appropriated funds to supplement the power program. The TVA power program pays its full and fair share of the costs of all TVA multipurpose projects and activities. Any agreement to provide communities with technical or financial assistance regarding contracts for TVA power are funded through power program revenues.

Mr. Myers: For each appropriated program, please provide the number of FTEs and the funding broken down by object classification.

Mr. Crowell:

FY96 TVA Payroll Information

Program	FTEs	Total	Labor & Benefits	Contracts	Materials & Equipment	Other
Stewardship	617	70,281	33,919	11,429	5,175	19,758
Land and Water	206	10,922	4,429	3,901	549	2,043
LBL	92	6,170	3,329	1,366	924	551
ERC	340	32,282	19,338	5,056	3,996	3,892
Economic Dev	115	20,818	12,716	4,118	1,343	2,641
Total	1,370	$140,473	$73,731	$25,870	$11,987	$28,885

Mr. Myers: Have you reviewed the possibility of contracting out any of these for cost savings?

Mr. Crowell: Yes. TVA always has utilized the services of specialty contractors to support program activities when the required expertise was not available inside. Since the beginning of FY91, we have expanded the use of contractors to cover all seasonal activities, and a variety of specialized tasks that are not continuous in temporary craft support for facilities maintenance and modification. We are continuing to look for the most cost-effective approach in conducting program activities, including the use of contractors when it will result in savings. Other specific examples of contractor versus inhouse use include:

- Operation of campgrounds and recreation areas
- Fluctuating requirements for biological and environmental assessments
- Archeological assessments and surveys
- Nonroutine air and water monitoring

Mr. Myers: Describe the contractual relationship between the Corps and TVA. The Corps' budget contains nearly $14 million for Operations and Maintenance of the Tennessee River. How does this complement TVA's authority in this area?

Mr. Crowell: Under a 1962 Memorandum of Agreement, TVA makes capital improvements to navigation locks on the Tennessee River and pays for electricity to operate the locks. The Corps operates navigation locks and dredges the navigation channel on the Tennessee River as needed to assure that shippers see no difference in procedures when navigating the Tennessee or any other inland river. TVA and the Corps share responsibilities for maintenance. The $14 million in the Corps budget funds their work under this Agreement.

Under a 1984 Memorandum of Understanding, TVA and Corps have established procedures they will follow in operating Kentucky Dam during emergency flood conditions on the lower Ohio and Mississippi Rivers.

Also, the Corps contracts with TVA to perform certain tasks on an at-cost and as-needed basis where TVA has unique expertise. For example, the Corps uses Military Interdepartmental Purchases Requests (MIPRs) and letter orders to fund TVA transportation studies that form the basis for their lock and dredging feasibility analyses. Since 1976, TVA has completed over 20 of these studies and is now working, or has plans to work, on Corps studies on the upper and lower Mississippi Rivers, the Illinois River, the Missouri River, the Erie Canal, the proposed interconnecting waterway between Lake Erie and the Ohio, deep water port dredging studies, and other efforts.

Mr. Myers: Please outline the specific missions provided to TVA that would ordinarily be under the Corps' jurisdiction. Why must these activities be carried out by your agency? What is TVA's expertise that allows it to manage the waterways in the region rather than the Corps?

Mr. Crowell: Responsibilities for navigation, flood control, hydropower generation, dam safety, and reservoir land management on the Tennessee River would ordinarily be under the Corps' jurisdiction if TVA did not exist. TVA carries out these activities on the Tennessee River because Congress mandated it to do so under the TVA Act of 1933.

Unlike the Corps, TVA operates with a broad mandate for both economic development and natural resource management. Its expertise in integrated resource management allows it to operate the waterways in the region for economic growth without adversely affecting the environment.

TVA integrates the objectives of single purpose, single expertise agencies like the Corps of Engineers, the Fish and Wildlife Service, and the Environmental Protection Agency in its management decisions. TVA is efficient--its Lake Improvement Plan, which improved water quality and aquatic life below TVA dams and improved summer recreation levels in tributary lakes, cost only $4 million and took only 3.4 years to develop. The states of Virginia, North Carolina, Georgia, Tennessee, Alabama, Mississippi, and Kentucky supported the decision and none of the competing interests has sued to overturn the decision. The federal government doesn't have to pay the overheads of all these agencies to manage the Tennessee River.

TVA's broad mandate for "proper use, conservation and development of the Tennessee River for the general social and economic well-being of the Nation" means that it cannot emphasize one purpose or objective over another. On the Upper Mississippi River, navigation and environmental groups are polarized as five states and the Corps address how to manage the river in the wake of the Midwest Flood of 1993. The Corps is spending over $40 million to study navigation alternatives on the Upper Mississippi. If TVA were managing the Upper Mississippi, it could not emphasize the Corps' navigation objective at the expense of the environment, or emphasize the Fish and Wildlife Service's endangered species or wetlands mandates without considering economic consequences. TVA achieves an efficient balance of competing interests that should be a model for how federal objectives should be met in other regions of the country.

Mr. Myers: Please cite the legislation that precludes any of your power proceeds being used to fund your non-power activities.

Mr. Crowell: In placing TVA on a completely self-financing basis in 1959, Congress specified in Section 15d(f) of the TVA Act the types of expenditures that TVA power rates were to be set to cover--all of which must be "purposes connected with the Corporation's power business, having due regard for the primary objectives of the Act, including the objective that power shall be sold at rates as low as are feasible." TVA's authority to sell bonds is also limited, under Section 15d(a), "to assist in financing its power program." To permit TVA power revenues to be used for non-power purposes would be to go beyond the purposes delineated in Section 15d(f) and would run directly counter to the statutory mandate for power rates to be "as low as feasible."

TVA also, under the express authority of Section 15d(a), entered into binding covenants with the holders of TVA power bonds restricting the use of TVA power funds to power system purposes in order to "enhance the marketability of said bonds." This restriction was necessary to provide TVA bondholders with the degree of security necessary to enable TVA bonds to be sold on reasonable terms, because TVA power bonds are not obligations of or guaranteed by the the United States. Section 29 of the TVA Act provides that no amendment to or repeal of the TVA Act "shall operate to impair the obligation of any contract made [by TVA] under any power conferred by this Act."

Mr. Bevill: The $140 million you have requested for stewardship is used to operate dams and protect shoreline along the Tennessee River. In your judgment, if these funds were eliminated would local and state agencies be equipped to take over these responsibilities?

Mr. Crowell: State and local agencies have neither the funds nor the staff to take over TVA's responsibilities for management of dams, lands, and associated facilities. Eliminating these funds while assigning TVA responsibilities to state or local government would become another unfunded mandate from the federal government.

TVA was created to address natural resource management and economic development issues for an interstate river basin. Individual states do not have the resources or capabilities to manage flow from the integrated system of 48 dams and efficiently resolve conflicts in operating priorities. In other river basins, states frequently form river basin associations which attempt to coordinate individual state actions. However, these efforts often fail to prevent polarization on important issues, and resources are diverted to litigation rather than to solving problems.

For example, proposals to develop new water supply dams and revise operating practices for Corps of Engineers projects in the ACT/ACF River Basins in the greater Atlanta area created controversy among user groups, the states, and other federal agencies. Due to litigation brought by Alabama against Georgia and the Corps, the Congress has had to fund an $11.25 million study to develop needed basin and water resource data and recommend an interstate mechanism for resolving problems. In the Tennessee Valley, TVA works to develop consensus among the states and all river system users about needed changes in natural resource management, and efficiently implements the resulting decision without unnecessary litigation and delays.

Mr. Bevill: You talked about the important work being done at the Environmental Research Center. Could you elaborate on the study being done on nonpoint source water pollution and its national implications?

Mr. Crowell: Nonpoint source (NPS) pollution from agriculture accounts for more than 70 percent of the Nation's polluted river miles and half of the impaired lake acres. A great deal of the NPS pollution comes from the distribution and use of agricultural chemicals, and from on-farm practices. The Center is working with agricultural businesses from New York to California to find economical safeguards to keep pesticides and plant nutrients from getting into surface and groundwaters.

Some of the environmental safeguards include installing TVA-designed dikes, berms (small dams), and stormwater containment structures and using new environmental management techniques and materials for building these structures. Participating businesses invest up to $500,000 using TVA-designed environmental safeguards.

Nonpoint source pollution is also a major problem in the Tennessee Valley watershed. The Center is working with TVA's River Action Teams to identify NPS problems and sources, and to find affordable ways to solve the problems. Activities include improving riparian zone effectiveness in protecting water quality and using biological controls as alternatives to chemicals for controlling aquatic plants.

The Center's work is encouraged by USDA and EPA. The effort was recognized in Renew America's "Environmental Success"--an index of outstanding environmental programs from around the country.

Mr. Bevill: Do you feel every effort is being made to assure that the research being done at the Environmental Research Center does not duplicate efforts of other Federal agencies?

Mr. Crowell: TVA's Environmental Research Center does not duplicate federal or state research. The Center works in partnership with other agencies and institutions to leverage funding and to ensure the Center's research is complementary to other efforts, not duplicative.

TVA participates in the National Science and Technology Council's Committee on the Environment and Natural Resources (CENR). The CENR helps identify national research needs and reviews the environmental research agenda of all federal agencies to make sure agencies do not duplicate one another's research.

The Center conducts a rigorous Peer Review process to help identify emerging environmental issues and to recommend ways to cooperate with, rather than duplicate, the research of other institutions. TVA's intensive internal business planning ensures the Center uses its public funds wisely and most efficiently by addressing only critical environmental problems that impact the Center's customers.

Craven Crowell, Chairman
Tennessee Valley Authority

Biographical Data

Craven Crowell was appointed Chairman of the TVA Board of Directors by President Clinton. The appointment of Crowell as the 11th Chairman of TVA was confirmed by the U.S. Senate on July 1, 1993, and his nine-year term expires on May 18, 2002.

Crowell, who has ten years of service at TVA, is a member of the boards of the Electric Power Research Institute of Palo Alto, California, and the Nuclear Energy Institute of Washington, D.C.

EPRI conducts technological and environmental research on behalf of the Nation's electric utility industry, and NEI provides information, and policy support on matters relevant to nuclear power.

Crowell also serves on the boards of several community organizations, including The Downtown Organization of Knoxville, the Ijams Nature Center of Knoxville, RiverValley Partners of Chattanooga, the National Civil Rights Museum in Memphis, and the Nashville Area Chamber of Commerce.

Until his appointment as TVA Chairman, Crowell was Chief of Staff for U.S. Senator Jim Sasser of Tennessee. Previously, Crowell was a TVA vice president and a member of the agency's top management team.

Crowell grew up in Nashville, Tennessee, and was graduated from David Lipscomb University in 1965. He is a veteran of the Marine Corps Reserve and Naval Reserve. He and his wife, Freddie, have a daughter, Stephanie Goff, who lives in Nashville.

October 1994

William H. Kennoy, Director

Tennessee Valley Authority

Biographical Data

William H. Kennoy became a Director of the Tennessee Valley Authority on May 31, 1991. He was appointed by President Bush to a term that expires May 18, 1999.

Mr. Kennoy came to the TVA Board with 25 years of experience as a professional engineer and private business executive. From 1971 until his TVA appointment, he was President of Kennoy Engineers, Inc., an environmental engineering firm in Lexington, Kentucky.

As president of Kennoy Engineers, he was responsible for the design and supervision of water and sewer projects valued at more than $100 million. His firm also advised municipal utilities in rate design and project financing, and conducted dam inspections for the U. S. Army Corps of Engineers. From 1963 to 1971, he was Vice President of Kennoy & Company, Inc., a firm which was founded by his late father and was the predecessor company to Kennoy Engineers.

Mr. Kennoy is a Commander on inactive reserve status in the U.S. Public Health Service Corps. From 1961 to 1963, he directed radionuclide water analysis for the U. S. Public Health Service in Montgomery, Alabama. From 1960 to 1961, he investigated drainage problems in the San Joaquin Valley for the State of California.

Mr. Kennoy was born in Huntsville, Alabama, where his father was a TVA engineer on the Guntersville, Wheeler, and Pickwick Dam construction projects in the late 1930s. He earned a B.S. degree in civil engineering from the University of Kentucky in 1960 and is a member of the Engineering Dean's Advisory Council. He is a Registered Professional Engineer in Alabama and Kentucky and a licensed helicopter pilot.

Mr. Kennoy has two daughters, both University of Kentucky graduates. Kelly is an environmental consultant in Chicago, and Leigh is a registered nurse in Lexington.

Johnny H. Hayes, Director
Tennessee Valley Authority

Biographical Data

Johnny H. Hayes, named by President Bill Clinton to the TVA Board of Directors, was confirmed on July 1, 1993. His term ends on May 18, 1996.

Before joining TVA, Hayes was Commissioner of the Tennessee Department of Economic & Community Development. He was responsible for helping to bring new manufacturing and service firms to the state and for helping existing business and industry to expand. He was chairman of the Tennessee-European Economic Alliance, a board member of the Japan-Tennessee Society, and a member of the Governor's Task Force on Housing. Hayes was appointed Commissioner by Governor Ned McWherter in January 1992 after having served one year as Commissioner of Employment Security.

Hayes is a member of the Volunteer State Community College Foundation Board and the Tennessee Technological University College of Business Foundation. In 1993, Tech's College of Business recognized him with its "Outstanding Business Leadership Award." Appointed to the Democratic National Committee in 1985, Hayes has been active in the House, Senate, and Presidential campaigns of Vice President Al Gore.

Before entering public service, Hayes was president of Newman, Hayes & Dixon, an independent insurance agency he founded in Hendersonville, Tennessee, in 1964. He is a former board member of the Independent Insurors of Tennessee, and member of the Sumner County Commission, the Sumner County Industrial Board, and the Hendersonville and Gallatin Chambers of Commerce. Active in the Bethpage United Methodist Church, he has served as Superintendent of Sunday Schools for 15 years.

Originally from Alcoa, Tennessee, Hayes graduated from Tennessee Tech University in 1962. He and his wife, Mary Howard, have three children — Craig, Amy, and Mary Kate.

Testimony of Craven Crowell, Chairman
Tennessee Valley Authority
before the Energy and Water Subcommittee
of the House Appropriations Committee
U. S. House of Representatives
February 28, 1995 – Washington, D.C.

Thank you, Mr. Chairman. My colleagues on the Board of Directors, Johnny Hayes and Bill Kennoy, and I are pleased to meet with you today.

The Tennessee Valley Authority is a unique federal corporation serving the Southeast and the nation.

TVA is known for its highly competitive electric power system. We also control floods, manage federal lands, ensure the safety of dams, and carry on other responsibilities important to the nation's economic strength.

Because TVA is a federal corporation, and part of the rapidly changing electric utility industry, we are driven by the same sense of discipline -- the same business philosophy -- that makes a private corporation successful.

Like a successful corporation, we work to give the best possible service -- at the lowest feasible price.

Like a world-class corporation, we measure our progress and improve our performance -- using benchmarks and key business indicators.

Like an innovative corporation, we avoid duplicating the work of other state or federal agencies.

And like a competitive corporation, we keep a sharp focus on our customers and their requirements.

Our customers are your customers -- because American taxpayers are the ultimate customers for every penny Congress appropriates.

We appreciate your duty, Mr. Chairman -- in your re-examination of government operations -- to ensure that your customers are getting full value for their money.

Today, we welcome this opportunity to explain the full value of TVA, starting first with TVA's power system.

The TVA Power System

Although federal appropriations are not used by our power system, energy production is the biggest part of TVA, and it's a critical measure of our success.

In 1994, we generated 126 billion kilowatt-hours of electricity -- enough to meet the needs of eight million people across a seven-state region.

Over the last eight years, we've invested heavily to modernize our facilities --and increased our power production by 28 percent.

During that same period we cut our payroll by 50 percent -- and kept our power rates among the most competitive in the nation.

By the end of 1997, we will complete a full decade without a single rate increase. These accomplishments place TVA in a league with the nation's top electric utilities.

TVA is more than a Utility

As important as our power system is to the consumers of TVA electricity, our mission goes far beyond power production.

Like any company with a sound strategic plan, TVA seeks to capitalize on all of its competitive strengths. The great strength of our region is the power and beauty of the Tennessee River basin, and TVA is known around the world for harnessing its resources in ways that benefit the region and our nation's economy.

Serving the Nation

Our wide-ranging responsibilities require us to help keep lakes and rivers clean, manage the smooth flow of commerce, promote business growth and provide other benefits I'll talk about today.

These are national responsibilities that have a significant public impact.

When the Mississippi and Ohio Rivers overflowed two years ago, TVA restrained the flow from the Tennessee River -- saving billions of dollars and who knows how many lives.

When the 1988 drought stalled hundreds of barges headed toward the Mississippi, TVA released water that helped keep the Mississippi flowing -- saving millions of dollars for shippers and American consumers.

When fishermen in Arkansas complained that fish were dying in the tailwaters of dams, TVA shared technology that we developed to reduce the impact that dams have on fish. And this technology has improved the health of other rivers throughout the country.

TVA manages its national responsibilities efficiently. We operate with low overhead. We work as partners with the people we serve. And we balance the needs of the economy and the environment.

Within our region, where we have the most direct impact, TVA's diverse activities balance and blend the effects of two powerful forces -- Nature and the competitive market.

Through our work in recreation, business development, and regional flood control -- all within a single major watershed -- TVA combines the functions of the Park Service, the Commerce Department, and the Corps of Engineers.

We're trying to be a national example of how federal government ought to work, and can work.

TVA's Non-Power Responsibilities

To support TVA's five major federal responsibilities, the Administration proposes $140.5 million for fiscal year 1996:

– $70.3 million is for TVA's stewardship of federal dams and lands.

– $10.9 million is to improve river navigation and manage the land along the shores of the Tennessee River.

– $6.2 million is for the Land Between the Lakes National Recreation Area.

– $32.3 million is for research to provide solutions to environmental problems -- making regulations easier to comply with, and more grounded in scientific fact.

– And $20.8 million is for economic development -- targeting economically distressed populations who remain at a distinct disadvantage over the rest of the nation.

Let me talk briefly about what TVA does in each of these areas . . . why we do it . . . and who benefits.

Stewardship

Stewardship accounts for more than half of the $140 million proposed by the Administration for TVA.

The federal government owns 48 dams along the Tennessee River, and TVA prevents billions of dollars in flood damages by operating these facilities in harmony with rainfall, seasonal change and the needs of river commerce.

Dams are valuable investments that benefit our entire nation. Keeping them in good working condition is a job that someone has to do -- whether it's TVA or someone else.

TVA has a long and proven record of successful stewardship for these national assets.

And with half of them more than 50 years old, our extensive, ongoing monitoring and inspection activities are essential to ensuring their structural integrity.

Besides maintaining our dams, TVA also protects 11,000 miles of shoreline along lakes and rivers, and we take a lead role in maintaining water quality throughout our region.

Our water-quality experts are deployed in the field as members of River Action Teams, who identify local pollution problems before they affect the watershed of an entire region. This is just one way that we're discharging our federal responsibilities in ways that are both innovative and cost-effective.

Water and Land

Besides controlling floods and reducing pollution, TVA sets the standard for river navigation in the United States. Our navigation facilities help reduce the strain on federal highways, and maintaining these facilities is important to the nation's economy.

TVA manages a system of 14 locks along the Tennessee River, and last year about 34,000 barges traveled this waterway.

Several of these locks need modifications, and part of the $10.9 million request for TVA's Water and Land projects would begin these necessary structural improvements.

And because we have federal authority throughout our region, we are able to successfully coordinate and balance the needs of flood control, energy production and overall water quality.

By ensuring the health and vitality of the entire 650-mile-long Tennessee River, both our region and the Nation enjoy the benefits of a clean and productive river system -- the nation's fifth largest.

TVA also is responsive to the needs of riverfront property owners, and our management practices are a recognized model for how to protect a fragile environment while ensuring its commercial viability.

Only a federal corporation like TVA has the authority to ensure a wise and productive balance between those whose demands on the river are sometimes in conflict.

And I believe that only TVA has the experience to achieve this balance consistently and more economically than any other public agency.

Land between the Lakes

TVA also manages the Land Between the Lakes National Recreation Area in Tennessee and Kentucky.

With two large lakes, 170,000 acres of federal land, and 300 miles of undeveloped shoreline -- an expanse of wilderness this large is normally seen only in western states.

In fact, LBL is our Nation's largest uninterrupted stretch of public forest between the Rockies and the Appalachian mountains -- and one-third of our Nation lives within a day's drive.

LBL offers tourists the best features of a national park, a national forest, and a fish-and-wildlife refuge -- rolled into one.

Last year, LBL attracted people from all 50 states, and more than 60 percent of its 2.4 million visitors traveled a hundred miles or more to get there.

The $6.2 million proposed for TVA's management of this land covers only part of the operating costs. TVA charges user fees that covered 20 percent of our operating costs in 1994. We expect these fees to cover 30 percent of our costs this year, and 35 percent next year.

Our costs-per-visitor are low, compared to other national parks and recreation areas, and that's one reason we believe TVA is the best manager for this valuable national asset.

Environmental Research

In addition to managing environmental resources, TVA also directs scientific research to help solve environmental problems and help businesses comply with environmental regulation.

This important research spreads practical benefits well beyond the Southeast.

But I want to emphasize our efforts to avoid duplicating the efforts of others. TVA's Environmental Research Center in Muscle Shoals, Alabama, takes the same hard-nosed approach to business planning that all our operations do.

Before we commit to a research project, we give it the acid test by asking two important questions:

Is the project unique?

And is it likely to yield economic benefits?

If a proposed project fails either of these tests, it won't be a part of our business plan. As for the projects we do commit to, we insist on collaborating with universities, federal agencies, or other corporate partners.

This not only prevents duplication, it also allows scientists from outside TVA to join our research efforts and spread the benefits of our projects to more people.

As additional insurance against duplication, we subject our research projects to a structured peer-review process. This traditional method of scientific review brings the nation's best experts to our Environmental Research Center to independently confirm that our work is unique and likely to provide significant national benefits, as well as guide future directions for our research.

Now, let me tell you about two of the most significant projects at TVA's Environmental Research Center and the national benefits they generate.

Ozone Pollution

Our Center is leading a major scientific study of the sources of ground-level ozone pollution.

Ground-level ozone is a major cause of crop and forest damage, and it's a health hazard to 63 million Americans.

Our research may be able to document geographic differences in ozone pollution. For instance, in some areas of the country, trees and other natural sources contribute more to ozone pollution than do man-made sources.

This kind of scientific data is critical for air quality regulators -- who may be forced to limit business growth in the 97 areas nationwide where ozone is excessive, and dozens of other cities that are close to the legal limit.

This summer, more than 100 of the nation's leading scientists will compile the results of this two-year study. When they're finished, we will have a better understanding of this critical air pollution problem. And if regulations are deemed necessary, they can be based on common-sense and backed up by scientific facts.

Toxic Gas Emissions

The EPA's annual inventory of states with high toxic-gas emissions highlights another major problem we're working on -- one that's especially significant to small- and medium-sized businesses who can't afford expensive methods for reducing their toxic-gas emissions.

TVA's Environmental Research Center has come up with an alternative. It's a unique biofilter that uses poultry litter and pine bark to create a chemical reaction which removes 98 percent of toxic gases within two minutes.

Our Environmental Research Center developed and tested this breakthrough technology, and we will soon encourage other companies to market it nationwide as a low-cost way for small companies to meet Clean Air requirements.

While I'm on the subject, I should at least mention one more important research field focusing on "non-point source water pollution."

TVA experts know from their own experience on the Tennessee River that the biggest threat to clean water is the agricultural and industrial pollution that comes from many sources -- and which collectively causes big problems.

Our Environmental Research Center is working on economical ways to prevent this pollution and reduce the impact of agricultural runoff into the nation's rivers, so farmers won't be burdened with additional regulatory requirements.

All told, about $32 million is proposed to support research at TVA's Environmental Research Center. This research benefits our nation as a whole, and may lead to other less burdensome ways that businesses and communities can comply with environmental regulations.

Promoting Business Growth

The $20.8 million proposed for TVA's economic development effort is especially important for rural people.

Over 55 percent of the people in the TVA region live in rural areas, and their average income is 27 percent below the national average. Even worse, over 18 percent of the rural people in our part of the country live in poverty -- compared to 13 percent in our Nation as a whole.

An important part of TVA's mission is to help improve the economy, so a good part of our focus must be on nurturing rural business development in ways that sustain people over the long-term.

We're guided in these efforts by the same business-like principles that govern every part of TVA.

Principles like operating efficiently . . . cultivating partnerships with local communities . . . leveraging investments to promote long-term growth . . . and avoiding duplication of work being done by public or private organizations.

Our business-development activities include training for workers and a unique, cost-effective program to help small manufacturers reduce the waste they produce during production.

Our community development programs provide Total Quality practices and strategic planning techniques to rural areas that share a common economic link.

Our efforts in technology development help small businesses use modern communication technology.

And our technical services provide economic-impact data and project management expertise to rural communities.

Over the long term, our success at raising incomes in rural areas will depend greatly upon our business-development programs -- like the one in Hopkinsville, Kentucky.

By cultivating partnerships and leveraging our investment there, we were able to turn TVA's initial investment of $25,000 into a loan fund that has leveraged nearly $200,000 in capital.

This fund has created three new businesses in Hopkinsville and includes a young leaders program to build future business successes. This type of seed capital is essential for business development opportunities in rural areas.

TVA also targets its economic development program toward African-Americans living in our region, whose income averages half that of whites, and whose poverty level is three times higher than the Nation's.

TVA works closely with Tennessee Urban Leagues and other local agencies to develop workforce and computer skills among disadvantaged people. This is not a hand-out, but a focused effort to address a serious economic problem -- preparing disadvantaged people for better jobs.

TVA's economic development programs like these are among the best in the nation -- and they're a great value for the people we serve. Every dollar we invest is matched by at least three dollars from public or private groups.

And because our economic development specialists live in the communities they serve, they rely on local partners who have a stake in our success.

TVA's Power System is Self-Financed

Of course, we realize that our power system is vitally important to the economy of our region. Electricity touches the lives of everyone, and its cost is a factor in our quality of life and the success of our businesses all across our Nation. That's why we're working so hard to keep TVA positioned as one of the Nation's most competitive sources of electric power.

As I've said, no federal funds go to TVA's power system. We may be a corporation owned by the federal government, but the power we sell is not subsidized.

Those who use TVA electricity pay all the costs -- the full costs -- of generation, transmission, and financing our necessary facilities. That's how we've operated since 1959, and TVA is still paying back the government for power plants built before then.

Conclusion

And our integrated approach to managing our national assets continues to bolster our Nation's economy and environment because . . . we run our operations like a business . . . we avoid duplicating the work of others . . . and we continually fine-tune our focus on our customers -- the people we all must serve.

Thank you for this opportunity to hear about TVA. My Board colleagues and I will be glad to answer any questions you may have.

# # #

Charting a new course in the valley and the nation.

TENNESSEE VALLEY AUTHORITY

BUDGET PROGRAM

For the Fiscal Year Ending September 30, 1996
Submitted to Congress February 1995

TVA

TVA History

In the language of 1933, the Tennessee Valley Authority (TVA) is a federal agency designed and challenged "with the broadest duty of planning for the proper use, conservation, and development of the natural resources of the Tennessee River drainage basin and its adjoining territory for the general social and economic welfare of the Nation . . ."

The TVA work or "model" uses integrated resource management to achieve a balance between economic progress and protection of the environment that sustains that progress. While other regions and regulators are moving toward models of sustainable development, TVA has more than 60 years experience perfecting the integration of energy production, economic development, and environmental management.

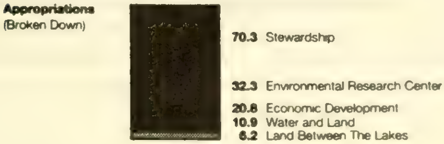
Specific challenges have changed over TVA's history, and TVA has changed to meet those challenges. Never has an integrated approach that realistically recognizes the interdependency of the environment and the economy been demonstrated as successfully as in the Tennessee Valley.

Never has an integrated approach that realistically recognizes the interdependency of the environment and the economy been demonstrated as successfully as in the Tennessee Valley.

TVA's broad charge falls within a watershed that encompasses 106,000 square kilometers (41,000 square miles) and more than seven million people in portions of seven states. The lifeblood of this watershed is the 100,000 kilometers (60,000 miles) of streams that feed the 1,087-kilometer-long (652 miles) Tennessee River—the fifth largest in the United States.

Within this setting, TVA also has direct stewardship responsibilities for 259,400 hectares (641,000 surface acres) of water, 18,333 kilometers (11,000 miles) of shoreline, 169,972 hectares (420,000 acres) of public land, 1,609 kilometers (1,000 miles) of navigable waterways, 174 public recreation areas, 685 kilometers (426 miles) of trails, and 907 kilometers (564 miles) of roads. In addition, TVA operates 52 dams and 14 navigation locks. This represents a public investment of $5.2 billion over 61 years that is within a day's drive of half the United States.

Proposed Funding for Fiscal Year 1996 ($ in millions)



TVA Today

A prime example of changing with the times while capitalizing on unique strengths is the elimination of fertilizer research and development at the TVA Environmental Research Center, formerly the National Fertilizer and Environmental Research Center.

Based on the feedback from a wide variety of customers and changing national and global conditions, TVA has taken steps to become the most competitive electric utility in North America and the most productive and effective agency in the federal government.

TVA is focused on three strategic goals to achieve that vision: TVA will be an environmental leader, TVA will maintain competitive electrical rates, and TVA will put its employees first. Success depends on maintaining competitiveness in all products and services, a dedication to customer and employee satisfaction, and innovation leading to solutions that produce sustainable economic development.

TVA's Appropriated Programs

Through its appropriated programs, TVA improves water quality and conditions for aquatic life on the Tennessee River. It works in partnership with local governments and industry to promote sound environmental practices that sustain the economic prosperity of the region.

In recent years, TVA has improved the business practices of its appropriated programs by reducing administrative and operating costs. At the same time, the programs have been reevaluated to ensure that each one is efficient, effective, and responsive to the needs of customers.

Water Management

TVA controls 52 dams on the Tennessee River and its tributaries and works to protect and improve water quality and aquatic life in the reservoirs and the watersheds that drain into them.

- TVA controls flooding along 1,087 kilometers (652 miles) of the Tennessee River. In 1994, TVA's flood control program prevented an estimated $1 billion in flood damages across the Valley and saved Chattanooga, Tennessee, twice from devastation by floodwaters.
- TVA manages the navigation system used for recreation and for transporting 43.5 million metric tons (48 million tons) of cargo annually.
- TVA is recognized as a national leader in developing and applying aeration technologies which improve oxygen levels for coldwater fishery habitat.
- TVA provides a national model for watershed protection and improvement that should be "expanded, promoted, and replicated in other watersheds," according to Water Quality 2000, a cooperative effort of

70 industries, agencies, and environmental groups. TVA monitors water conditions and assigns teams of scientists, engineers, and communications experts to fix pollution problems in specific watersheds. The focus is on building partnerships with landowners, local communities, businesses, interest groups, and public officials to protect water quality without limiting the river's use.

Economic Development

TVA invests in economic development initiatives that increase the production of goods and services and generate high-value jobs for Valley citizens.

- TVA helps Valley businesses and communities identify and capitalize on opportunities for job creation and retention by providing assistance in strategic planning, quality improvement, business infrastructure development, and workforce development.
- TVA works with universities, community colleges, and the private sector to give the Valley's rural communities electronic access to a variety of information sources, including education, health care, and business opportunities. TVA was named to the National Information Infrastructure Task Force because of its extensive experience implementing information technologies in rural communities.
- TVA helps communities capitalize on business opportunities by accessing TVA's demographic and economic databases, networks, forecasts and models, industrial site design and planning, project assessment, and other technical capabilities.

Land Management

TVA is responsible for the stewardship of some 101,174 hectares (250,000 acres) along 18,333 kilometers (11,000 miles) of shoreline. TVA manages public land which includes narrow bands of shoreland used to maintain its system of dams and lakes to control flooding.

- In 1996, TVA will launch a first-ever comprehensive Shoreline Management Policy. The new policy will achieve three objectives: incorporate public preferences, protect the environment, and reduce TVA's administrative costs.
- TVA manages 160 public recreation areas for boating, hunting, fishing, hiking, swimming, and camping. Visitation to TVA's reservoir system contributes $1.25 billion to the economy of the Tennessee Valley each year.
- TVA land holdings protect and provide for the management of extensive cultural resources, threatened and endangered species, critical wetland habitat, and scenic areas, consistent with federal mandates.

Environmental Research Center

TVA's Environmental Research Center in Muscle Shoals, Alabama, develops and implements technologies and strategies to prevent or reduce pollution. The focus is on solving air-quality problems, developing innovative techniques for waste treatment, and protecting water quality.

- More than 100 environmental scientists from across the Nation are working with TVA scientists to understand the ground-level ozone pollution problem and provide a scientific basis for solutions and technologies that prevent air pollution.
- The Center is developing creative waste management technologies, such as bioremediation for PCBs and other toxic wastes, organic plant food and cattle feed from agricultural wastes, and more efficient constructed wetlands.
- TVA is teaching agrichemical dealers and farmers to prevent surface and groundwater contamination, which is one of the Nation's largest pollution problems. TVA now has 70 demonstration sites in 27 states.

Land Between The Lakes

Land Between The Lakes (LBL) is a 68,798-hectare (170,000-acre) national recreation and environmental education area located between Kentucky and Barkley lakes.

- LBL is the centerpiece of a $400-million regional tourism industry, attracting more than 2.2 million visitors a year.
- By 1996, LBL will complete a partnership planning effort to ensure that LBL best serves future public outdoor recreation needs and involves other agencies and the private sector in development and operation of services to maximize cost recovery and operational effectiveness.

Performance Goals and Indicators

Appropriated programs are managed through TVA's Business Management System. This system identifies key work processes and the efficiency and effectiveness of key processes through a performance goal and indicator measurement. A copy of performance goals and indicators precedes the budget summaries in each section of this document.

TVA FY 1996 Budget

Summary of Budget Financed from Appropriations

($ in thousands)

	1994 ACTUAL	1995 ESTIMATE	1996 ESTIMATE
Capital Investment:			
Stewardship	10,977	10,953	15,417
Water and Land	1,832	4,359	2,031
Land Between The Lakes (LBL)	33	–	–
Total Capital Investment	12,842	15,312	17,448
Operating Expenses:			
Stewardship	75,388	56,777	54,864
Water and Land	6,188	11,947	8,891
Land Between The Lakes (LBL)	4,685	3,751	6,170
Economic Development	18,033	20,818	20,818
TVA Environmental Research Center (TVA ERC)	23,337	34,670	32,282
Total Operating Expense	127,631	127,561	123,025
Total Appropriations	**140,473**	**142,873**	**140,473**
Financing			
Appropriations	140,473	142,873	140,473
Unobligated Balance Brought Forward	24	274	–
Unobligated Balance Carried Forward	(274)	0	0
Total Financing	**140,223**	**143,147**	**140,473**

Summary of Budget Financed from Power Proceeds

($ in thousands)

	1994 ACTUAL	1995 ESTIMATE	1996 ESTIMATE
Capital Investment:			
Stewardship	2,381	2,656	2,200
Operating Expenses:			
Stewardship	17,002	17,624	14,300
Total Financed from Power Proceeds	**19,383**	**20,280**	**16,500**

Summary of Budget Financed from Nonpower Proceeds

($ in thousands)

	1994 ACTUAL	1995 ESTIMATE	1996 ESTIMATE
Capital			
Stewardship	66	0	0
Operating Expenses			
Stewardship	1,675	1,530	2,100
Land Between The Lakes (LBL)	0	2,965	3,300
TVA Environmental Research Center (TVA ERC)	0	2,607	1,800
Other Expenses:			
Reimbursable Services	70,256	57,554	56,333
Total Financed from Nonpower Proceeds	**71,997**	**64,656**	**63,533**

Financing

($ in thousands)

	1994 ACTUAL	1995 ESTIMATE	1996 ESTIMATE
Balance Brought Forward	(11,006)	(18,748)	(18,748)
Current Proceeds:			
Stewardship	1,741	1,530	2,100
Water and Land	0	0	0
Land Between The Lakes (LBL)	0	2,965	3,300
TVA Environmental Research Center (TVA ERC)	0	2,607	1,800
Other:			
Reimbursable Services	70,256	57,554	56,333
Other Income	62	333	333
Total Other	70,318	57,887	56,666
Total Current Proceeds	72,059	64,989	63,866
Payments to the Treasury	(312)	(333)	(333)
Balance Carried Forward	18,748	18,748	18,748
Total Financing	**79,489**	**64,656**	**63,533**

Stewardship

TVA has been entrusted with a broad array of public lands, physical facilities, and natural resources connected with the agency's mission. To ensure both the present day use and the future availability of these facilities and resources, adequate stewardship of these assets is required to preserve and grow the federal investment. This includes maintaining the system of dams, reservoirs, and navigation facilities; refurbishing outmoded public facilities and other structures; performing adequate routine and cyclic maintenance; and maintaining and managing public land and shoreline in an efficient and environmentally acceptable way.

Watersheds TVA is the national model for watershed management because it efficiently produces more economic and environmental benefits than any other American waterway. TVA River Action Teams work in the Tennessee Valley watersheds identifying protection and improvement projects, using information from the Nation's most comprehensive monitoring program, and building partnerships to carry them out. This is the purpose of TVA's Clean Water Initiative—an innovative effort to make the Tennessee River the cleanest, most productive commercial river system in the United States.

Reservoirs To build consensus for decisions about river and reservoir operations, TVA involves all stakeholders—even adversaries—in the decisionmaking process. TVA's Lake Improvement Plan won the first Federal Environmental Quality Award for making "the public a full partner in its decisionmaking." TVA was able to build consensus for increased minimum flows, improved dissolved oxygen in releases, higher summer lake levels, and paying the bills. Without a TVA to build consensus, economic benefits would be lost and environmental impacts would continue.

Dams Maintaining the integrity of TVA dams is essential to protect the economic development of communities along the Tennessee River. TVA has the fourth largest dam safety program among federal dam operators. The benefits of these modifications are difficult to overstate, but TVA's dam safety program averts billions of dollars in potential flood damage. TVA's dam safety program includes structural integrity studies at dams, hydrologic and seismic evaluation of dams and bridges with known safety hazards, and modifications to dams to contain the probable maximum flood and to withstand the maximum credible earthquake. Operation and maintenance procedures established as part of that program ensure the dams can be operated in accordance with Federal Emergency Management Agency guidelines. Emergency preparedness is tested annually in accordance with Federal Energy Regulatory Commission guidelines.

Aquatic Habitat In a landmark decision, the TVA Board in 1991 initiated action to improve minimum flows and aerate the water release from 16 TVA dams. Groundbreaking aeration technology was developed by TVA engineers. This technology already has helped recover more than 290 kilometers (180 miles) of aquatic habitat that had been lost to intermittent drying of the riverbed and unacceptably low levels of dissolved oxygen. By the end of 1996, aeration improvements will increase dissolved oxygen levels in over 483 kilometers of the river (300 river miles)—nearly 15% of the Tennessee River system.

Recreation TVA Reservoir Operations and Land Management focus on customer involvement. TVA has set up 11 field offices across the region to put land management decision-making closer to the local public served. In addition, more than 300 special operations are performed each year, including releases for whitewater recreation, zero flow for tailwater fishing, reduced flows and special elevations for community events, emergency flow for barge groundings and toxic spills, and stable lake levels for fish spawning. These operations are achieved while meeting TVA operating guidelines for navigation, water quality, flood control, power production, and recreation.

Residential Development In collaboration with developers of lakeshore communities, TVA develops plans that meet development needs, while protecting the environment and meeting key public concerns about the impacts of overdevelopment on the lakefront. TVA has developed a unique approach to lakefront development that protects wetlands, critical habitat areas, and other important natural shoreline components and maximizes TVA's impact by working through developers.

Reclamation Thousands of hectares of non-coal mineral lands in the Valley remain unreclaimed because they were mined before laws requiring responsibility for reclamation. Working with public and private partners, TVA is reclaiming these lands to combat soil erosion and protect water quality. TVA has a master plan in place to reclaim 5,104 hectares (12,612 acres) in the Copper Basin of Tennessee and Georgia. TVA has joined with the public and private sector to initiate the cooperative reclamation of 486 hectares (1,200 acres) in Alabama. TVA has cooperatively reclaimed 243 hectares (600 acres) in mountainous western North Carolina, identified as one of the 10 most critical water quality problems in the Tennessee River watershed.

Fisheries Aquatic plant control, habitat enhancement, and urban fishing initiatives are examples of how TVA manages aquatic habitat for both ecological health and recreation use. TVA operates its reservoir system and builds partnerships with others to promote good fisheries and aquatic habitat. TVA is committed to helping state fisheries managers support fishing—an economically significant Valley industry. TVA is forming partnerships with federal and state fisheries managers, conservation agencies, and private interest groups to protect the ecological health of TVA lakes, enhance recreation, and respond to local needs and preferences.

Projects for FY 1996	**$000's**
Daily Reservior Operations	7,661
Dam Safety	14,974
Reservoir and Stream Vital Signs Monitoring	1,529
Clean Water Initiative	2,124
River Action Teams	6,472
Emergency Planning	190
Pickwick Channel Modification	5,000
Evaluation of Reservior Shoreline Erosion and Bank Failure	1,000
Natural Heritage	585
Cultural Resources	411
Automated Land Information System	1,258
Dam Reservation/Reservoir Facility Administration	7,467
Section 26A Permit Reviews	1,694
Land Administration	2,798
Reservoir Land Planning	393
Outreach and Marketing	480
Realty Administration	225
Reservation/Reservoir Facility Upgrades and Site Remediation	2,990
Facility Management	13,030
Total	**70,281**

Stewardship program performance **goals** and **indicators** for FY 1996 include:

Goal No. 1: Establish the Tennessee Valley as the model of sustainable economic and environmental development that is transferred nationally and internationally by ensuring the Tennessee River system is suitable for recreation and commercial development; ensuring terrestrial ecosystem health and sustainability for TVA lands; and managing the reservoir system to optimize reservoir releases and lake levels.

Indicators:

- Reduce non-coal mineral lands remaining to be reclaimed by 348 hectares (860 acres).
- Ensure that no more than one reservoir exists with poor ecological health rating.
- Ensure that at least six tributary reservoirs maintain a good ecological health rating.
- Ensure that stream kilometers in River Action Team watersheds in poor condition do not exceed 25% of total kilometers.
- Ensure that planned cleanup, restoration, and protection projects are completed as planned.
- Ensure accessibility for at least 90% of target areas impacted by aquatic plant growth.
- Reduce adult mosquito index.
- Reduce agricultural shoreline miles not protected by 22.5 kilometers (14 miles).
- Ensure that fully allocated flood storage is available at least 75 % of the time.
- Reduce days aeration systems not operational by 2.7 days per 100 days of need.
- Increase minimum flow achieved by 1%.
- Ensure that summer lake levels are attained at 100% of planned duration.
- Increase number of vector control fluctuations by two to improve mosquito control.

Goal No. 2: Ensure that lands and facilities entrusted to TVA are efficiently operated and maintained to standards that meet customer needs by optimizing the benefit from TVA lands, resources, and facilities; maintaining and upgrading dams to ensure safety; optimizing recreation and educational benefit from LBL's 68,798 hectares (170,000 acres) of public lands, resources, and facilities; and reducing solid waste disposal and toxic chemicals purchased.

Indicators:

- Reduce formal 26A permit cycle time by 10 days.
- Increase kilometers of new residential development meeting shoreline protection standards.
- Reduce private water-use facility permit cycle time by 3 days.
- Reduce land acres remaining to be inventoried for cultural resources by 4,047 hectares (10,000 acres).
- Increase number of dam safety commitments met by 3 capital projects and seven Operations and Management projects.
- Reduce noncompliance with contract requirements for best management practices in timber and agricultural operations to 20%.
- Attain campground inspection score of 2.61.
- Reduce number of environmental events (notices of noncompliance and notices of violation) to no more than 17.
- Reduce amount of solid waste reaching landfills by 20% compared to FY 1994.
- Reduce amount of toxic or hazardous materials purchased by 10%.

Goal No. 3: Manage resources and provide services to external customers to enhance TVA earnings by maximizing opportunities to recover costs and operating in a financially sound manner.

Indicators:

- Increase derived revenue.
- Ensure that spending variance from forecast is within the range of 0% to -9%.
- Reduce overhead cost.

TVA FY 1996 Budget

Stewardship–Program Financing Schedule

($ in thousands)

	1994 ACTUAL	1995 ESTIMATE	1996 PROPOSED
Appropriations			
Capital Investment:			
Facility Management	2,480	4,106	5,058
Dam Safety	8,237	5,400	8,830
Reservoir System Operation	260	1,447	1,529
Total Capital Investment	10,977	10,953	15,417
Operating Expenses:			
Facility Management	36,341	16,048	7,972
Land Management	12,400	13,800	19,301
Dam Safety	7,385	8,337	6,144
Water Management	11,656	11,483	13,786
Reservoir System Operation	7,556	7,109	7,661
Total Operating Expenses	75,338	56,777	54,864
Total Appropriations	**86,315**	**67,730**	**70,281**

Stewardship Program Financing Schedule (continued)

($ in thousands)

	1994 ACTUAL	1995 ESTIMATE	1996 ESTIMATE
Power Proceeds			
Capital Investment:			
Facility Management	380	424	0
Dam Safety	2,001	2,232	2,200
Total Capital Investment	2,381	2,656	2,200
Operating Expenses:			
Facility Management	3,390	3,781	1,800
Land Management	4,838	5,396	5,900
Dam Safety	5,115	4,366	600
Water Management	2,176	2,427	4,800
Reservoir System Operation	1,483	1,654	1,200
Total Operating Expenses	17,002	17,624	14,300
Total Power Proceeds	19,383	20,280	16,500
Nonpower Proceeds			
Operating Expenses:			
Facility Management	270	300	300
Land Management	1,405	1,230	1,800
Total Operating Expenses	1,675	1,530	2,100
Total Nonpower Proceeds	**1,675**	**1,530**	**2,100**
Total Program Financing	**107,373**	**89,540**	**88,681**

Water and Land

To carry out its mandate ". . . to aid further the proper use, conservation, and development of the natural resources. . ." of the region, TVA must conduct activities that are designed to better understand and make use of Valley resources for public benefit. Such projects serve to expand knowledge of interrelationships among resources and their uses; promote wise conservation, development, and use of regional air, water, land, forests, and wildlife; and provide examples for implementation to the Nation.

Navigation Navigation on the Tennessee River rivals the importance of electricity to economic growth. For example, using barges instead of railcars to move steel coil from Pennsylvania to Tennessee saves suppliers $330,000 per 16,300 metric ton load. By providing opportunities for low-cost barge transportation, TVA supports industries along the waterway, creates jobs, and reduces gasoline consumption, air pollution, road damage, and the potential for serious highway accidents

Shoreline The National Forum on Nonpoint Source Pollution selected TVA's Shoreline Management Initiative as one of the 25 most innovative, environmentally significant projects in the Nation. TVA is responsible for permitting construction activities in and along the Tennessee River shoreline. TVA responds to some 3,000 requests annually, virtually all on a case-by-case basis, for residential docks, piers, boathouses, vegetation removal, or other shoreline activities.

Ecosystem Management TVA recognizes that an ecosystem approach to natural resource management is the foundation for sustainable development of the Valley's economic system. Current status, past trends and potential threats to the Valley ecosystem are assessed and best management practices are carried out through land and water management activities. TVA maintains partnerships with other land management agencies who are moving towards ecosystem management protocols. Because of 60 years of data collected on a regional scale, TVA's data on forest productivity is unrivaled.

Projects for FY 1996:	**$000's**
Navigation Development	3,400
Natural Resource Management	941
Shoreline Management Initiative	481
Regional Water Supply	800
Flood Reduction Project	1,300
Chickamauga Lock Project	1,000
Reservoir Releases Improvements	310
Regional Forest-Based Surveys and Databases	310
Land and Facility Administration	1,792
Logger Education	74
Water and Land Administration	514
Total	**10,922**

Water and Land program performance **goals** and **indicators** for FY 1996 include:

Goal No. 1: Ensure that lands and facilities entrusted to TVA are efficiently operated and maintained to standards that meet customer needs by reducing solid waste disposal and toxic chemicals purchased, and optimizing navigation to meet customer expectations.

Indicators:

- Reduce amount of solid waste reaching landfills by 20% compared to FY 1994.
- Increase navigation capital project commitments met by 8% at Chickamauga and 50% at Pickwick.
- Increase shipper savings by $15 million.

Goal No. 2: Manage resources and provide services to external customers to enhance TVA earnings by maximizing opportunities to recover costs, and operating in a financially sound manner.

Indicators:

- Increase derived revenue.
- Ensure that spending variance from forecast is within the range of 0% to -9%.
- Reduce overhead cost.

TVA FY 1996 Budget

Water and Land–Program Financing Schedule

($ in thousands)

	1994 ACTUAL	1995 ESTIMATE	1996 PROPOSAL
Appropriations			
Capital Investment:			
Water and Air Resources	1,832	4,359	2,031
Operating Expenses:			
Water and Air Resources	3,311	7,457	5,293
Land and Regional Resources	2,877	4,490	3,598
Total Operating Expenses	6,188	11,947	8,891
Total Appropriations	**8,020**	**16,306**	**10,922**

Land Between The Lakes

TVA manages Land Between The Lakes (LBL), the largest contiguous forested area between the Rocky and Appalachian mountains, for national demonstrations in education and resource management and to provide a unique mix of recreation opportunities

LBL is one of the few large public land bases available for recreation in the Nation's heartland. Located between Kentucky and Barkley Lakes, LBL is within a day's drive of one-third of the U.S. population. More than 2 million visitors from across the U.S. and around the world are attracted to LBL each year. LBL produces one of the highest levels of return for federal recreation areas, supports a $400-million regional tourism industry, and is one of the most visited sites in Tennessee and Kentucky.

Land Between The Lakes:

- Showcases 483 kilometers (300 miles) of undeveloped shoreline, 68,798 (170,000) mostly forested hectares (acres), and 450 wildlife species.
- Provides 13 campgrounds, 20 lake access areas, two group camping centers, an equestrian center, an 1850's living history farm, a nature center, a planetarium and observatory, and 322 kilometers (200 miles) of trails.
- Is nationally recognized as a center for environmental education, providing learning experiences for over one million children and 3,000 teachers.
- Offers intern and apprenticeship placements to students in the recreation, environmental education, and natural resource management fields at more than 43 universities.

TVA is conducting a partnership planning effort to be sure that LBL best serves future public outdoor recreation needs and involves other agencies and the private sector in development and operation of services to maximize cost recovery and operational effectiveness.

Projects for FY 1996:	**$000's**
Campground Operations	1,257
Day-Use Services	1,385
LBL Resident Centers	445
LBL Resource Stewardship	626
LBL-Wide Maintenance	2,078
Public Use Plan/Environmental Impact Statement	379
Total	**6,170**

Land Between The Lakes program performance **goals** and **indicators** for FY 1996 include:

Goal No. 1: Ensure that lands and facilities entrusted to TVA are efficiently operated and maintained to standards that meet customer needs by optimizing the recreation and environmental education benefit from LBL's 68,798 hectares (170,000 acres) of public lands, resources, and facilities.

Indicators:

- Attain watchable wildlife satisfaction level of 2.9.
- Increase length of stay at day-use facilities.
- Increase length of stay at campgrounds by 0.1 night per visit.

Goal No. 2: Manage resources and provide services to external customers to maximize the value derived from appropriated funds by maximizing opportunities to recover costs.

Indicators:

- Reduce loss per visitor.
- Increase earned revenue to 30%.
- Increase occupancy at facilities to 40%.
- Increase percentage of visitors from greater than 161 kilometers (100 miles) to 25%.
- Ensure that spending variance from forecast is within the range of 0 to -9%.

TVA FY 1996 Budget

Land Between The Lakes–Program Financing Schedule

($ in thousands)

	1994 ACTUAL	1995 ESTIMATE	1996 ESTIMATE
Appropriations			
Capital Investment	33	–	–
Operating Expenses:			
Recreation Services	3,203	1,483	4,843
Environmental Education	1,482	2,268	1,327
Total Operating Expenses	4,685	3,751	6,170
Total Appropriations	**4,718**	**3,751**	**6,170**
Nonpower Proceeds			
Recreation Services	0	2,000	2,335
Environmental Education	0	965	965
Total Nonpower Proceeds	0	2,965	3,300
Total Program Financing	**4,718**	**6,716**	**9,470**

Environmental Research Center

In 1993, TVA stopped researching and developing fertilizer. Today and for the future, TVA's Environmental Research Center in Muscle Shoals, Alabama, develops and implements technologies and strategies to prevent or reduce pollution. The focus is on solving air-quality problems, developing innovative techniques for waste treatment, and protecting water quality.

National Reach

The Center is involved in environmental research and technology development programs on a national level. Environmental projects which promote the cleanup and protection of the Nation's land, air, and water resources are active in 44 states. Work is directed and performed by the Center's nationally recognized experts in atmospheric sciences, biotechnology, agriculture, and site cleanup.

Ground-Level Ozone Pollution

TVA is leading the national clean air research in seeking to improve ground-level ozone management and develop a better scientific understanding of ozone pollution. TVA already has helped to improve Environmental Protection Agency (EPA) regulatory models used for developing ozone control strategies, to determine that high ozone levels are caused by manmade and natural emissions, to quantify ozone impacts on forests, and to characterize and measure how ozone levels change with location and elevation.

Removing Chemicals From the Air

Existing technology for removing air pollutants is neither effective nor inexpensive. TVA is exploring the use of naturally occuring microorganisms to clean the air. This process, known as biofiltration, is used to convert hazardous air pollitants into carbon dioxide and water. Scientists are using small-scale biofilters in the laboratory to remove contaminants such as styrene, acetone, benzene, and other chemicals from the air. Results show that 99 percent of styrene, an industrial pollutant, can be removed from air emissions. Studies demonstrate that biofiltration can be a cost-effective air pollution control technology by allowing businesses to be more competitive because of the lower cost of doing business.

Protecting Groundwater

In partnership with agricultural retailers and others, TVA is working to develop and demonstrate cost-effective and environmentally safe technologies for better handling of agrichemicals to protect water quality. TVA provides models or "living laboratories" to demonstrate environmental stewardship.

Constructed Wetlands for Wastewater Treatment Scientists from TVA have developed a new generation of constructed wetlands which have improved the efficiency of wastewater treatment. TVA's constructed wetlands project offers a unique opportunity to treat more hazardous elements than can be treated through other wetlands projects. TVA's new design can be used to treat wastewaters contaminated with heavy metals, petrochemicals, domestic sewage, and munitions.

PCB-Eating Bacteria TVA is testing a safe way to remove Polychlorinated Biphenyls (PCBs) from soil. This is a new technology that could help clean up long-neglected industrial sites. The Center has teamed with the University of Tennessee and the Oak Ridge National Laboratory to test the use of microorganisms to transform and degrade PCBs. This project is the first to involve a request for a permit from the EPA to demonstrate genetically engineered bacteria in a field test.

Projects for FY 1996:	**$000's**
Ozone Mitigation	3,893
Bioremediation of PCBs	2,482
Agricultural Strategies in Watersheds	6,440
Greenhouse Gas Mitigation	1,737
Air Toxics Control	496
Biomass Research and Development	824
Bioreactors	369
Resource Conservation Recovery Act (RCRA) Projects	6,933
Environmental Sensors	1,387
Wastewater Remediation	924
Pollution Prevention in Agriculture	1,201
Biomass Commercialization	1,162
Poultry Litter Utilization	924
Risk Assessments	740
Weather Forecasting Technology	185
Industrial Wastes	1,111
Global Climate Change and Sustainable Development	1,474
Total	**32,282**

Environmental Research program performance **goals** and **indicators** for FY 1996 include:

Goal No. 1: Establish the TVA Environmental Research Center as the Research and Development provider of choice for TVA, the Valley states, the Nation, and the international community by researching, developing, demonstrating, and transferring innovative solutions to environmental issues.

Indicator: Ensure that at least 3 methodologies and/or technologies are adopted by others.

Goal No. 2: Ensure that lands and facilities entrusted to TVA are operated efficiently and maintained to standards that meet customer needs by establishing and maintaining a plan for environmental stewardship and reducing solid waste disposal and toxic chemicals purchased.

Indicators:

- Ensure that at least 96% of project milestones are met.
- Reduce amount of solid waste reaching landfills by 20% compared to FY 1994.
- Reduce amount of toxic or hazardous materials purchased by 10%.

Goal No. 3: Manage resources, provide services, and perform research for external customers to enhance TVA earnings by maximizing opportunities to recover costs and operating in a financially sound manner.

Indicators:

- Increase derived revenue.
- Ensure that spending variance from forecast is within the range of 0 to -9%.

TVA FY 1996 Budget

TVA Environmental Research Center–Program Financing Schedule

($ in thousands)

	1994 ACTUAL	1995 ESTIMATE	1996 ESTIMATE
Appropriations			
Operating Expenses:			
Environmental Research and Development	23,337	25,545	32,282
Agricultural Environmental Research and Practices	–	9,125	–
Total Operating Expenses	23,337	34,670	32,282
Total Appropriations	**23,337**	**34,670**	**32,282**
Nonpower Proceeds			
Operating Expenses:			
Environmental Research and Development	0	2,607	1,800
Total Operating Expenses	0	2,607	1,800
Total Nonpower Proceeds	**0**	**2,607**	**1,800**
Total Program Financing	**23,337**	**37,277**	**34,082**

Economic Development

In 1994, TVA consolidated all its economic development programs into one organization to better focus efforts and deliver more economic resources to the Tennessee Valley. For fiscal year 1996, TVA's Economic Development will identify initiatives for national industrial competitiveness in a global economy, develop high quality jobs in areas of high poverty rates and unemployment, and deploy and apply infrastructure that supports industrial development and the generation of commerce.

Job Creation TVA invests in economic development opportunities that increase the production of goods and services and generate high-value jobs for Valley citizens. TVA offers easily accessible, comprehensive business development services that provide innovative strategies for capital access, workforce development, and technical assistance.

Leadership Rural Communities are being helped by TVA to compete successfully in the world economy through effective planning and community leadership. The challenge is to help these communities readily obtain the information, technical expertise, and planning skills needed for effective competition. TVA has found a way to help rural communities achieve this "level playing field" in the economic development area. TVA's Quality Community program is a nationally recognized model for community economic development planning—a unique and effective combination of leadership development, team building, total quality improvement, and strategic planning. It provides economic analysis, engineering, and other services necessary to successfully implement community projects.

Industrial Ecology Waste management is the second highest cost for American industry. Businesses in the South produce more waste per $1 of product than those in the rest of the country. TVA's Waste Reduction Assessment and Technology Transfer (WRATT) program is a national model for helping industries increase efficiency and save money by reducing waste at the source. TVA promotes waste reduction as a tool to increase competitiveness for business and industry. TVA's WRATT program is unique in that it uses retired engineers and scientists to provide high-quality, low-cost services to industry. Other federal, state, and private organizations have joined with TVA to train business leaders on how waste reduction improves business competitiveness and environmental performance.

Tourism Through a unique public/private partnership, TVA is taking a lead role in developing a long-range economic strategy for the tri-state Ocoee region. The Olympic event is a catalyst for sustainable development of the region's economy.

Projects for FY 1996:	**$000's**
Business Development	
• Tennessee Urban League Skills Center	1,051
• Job Training Partnership Act Welding Equipment	1,195
• Waste Reduction and Technology Transfer	1,991
• Small Business Incubator Network	3,584
Total	7,821
Community Development	
• Morgan Square Tourism Project	996
• Four River Counties, Kentucky	199
• Quality Communities	844
• Tourism Development and Marketing Plan	199
• Tourism Impact Studies	398
• Minority Economic Development	152
Total	2,788
Technology Development	
• Electronic Information Improvements	2,240
• TVA/National Information Infrastructure Internet	398
• Business Media Training Center	299
• Waste Match	498
• Internet Business Demonstrations	199
Total	3,634
Technical Services	
• Tennessee Tombigbee Development	396
• Cooperative Program with Land Grant Universities for Agri-21	4,129
• Technical Support for Economic Development Programs	2,050
Total	6,575
Total Economic Development	**20,818**

Economic Development program performance **goals** and **indicators** for FY 1996 include:

Goal No. 1: Build and maintain institutional relationships by building active partnerships with local and federal agencies and community business organizations.

Indicators:
- Increase TVA active partnerships.
- Increase TVA initiated community business organization contacts.

Goal No. 2: Facilitate, leverage, and grow financial resources for economic development investment by operating in a financially sound manner.

Indicators:
- Ensure that spending variance from budget is within the range of 0 to -5%.
- Develop financial systems that support the investments made.
- Increase number of projects leveraged.

Goal No. 3: Positively influence the rate of economic development in the TVA region by providing customer services to existing Economic Development programs; implementing new customer-focused projects; transforming economically distressed communities into economic growth communities; and designing innovative economic development tools.

Indicators:
- Increase service commitments met.
- Increase dollars leveraged.
- Increase number of neighborhood revitalization projects.
- Increase number of community strategic plans developed.
- Increase number of new plants.
- Increase number of plants expanded.
- Increase number of jobs created.
- Increase number of technology applications implemented.

Goal No. 4: Protect the environment by reducing waste emissions of industries in the Tennessee Valley.

Indicators:
- Reduce the volume of solid waste reaching landfills.
- Increase waste reduction audits conducted.

TVA FY 1996 Budget

Economic Development–Program Financing Schedule

($ in thousands)

	1994 ACTUAL	1995 ESTIMATE	1996 ESTIMATE
Appropriations			
Operating Expenses:			
Waste Management Technology	4,917	–	–
Education/Work Force Training	4,212	–	–
Community and Business Competitiveness	5,726	–	–
River Heritage/Waterfront Development	1,906	–	–
Minority Economic Development	1,272	–	–
Business Development	–	6,998	7,821
Community Development	–	5,421	2,788
Technology Development	–	–	3,634
Technical Services	–	8,399	6,575
Total Operating Expenses	18,033	20,818	20,818
Total Appropriations	**18,033**	**20,818**	**20,818**

TVA Power Program

Income Statement

($ in millions)

	1994 ACTUAL	1995 ESTIMATE	1996 ESTIMATE
Revenue	5,401	5,441	5,614
Operating Expenses:			
Fuel and purchased power	1,493	1,317	1,267
Labor and materials	1,081	1,081	1,119
Payments in lieu of taxes	248	257	260
Depreciation & Nuclear Fuel Amortization	513	556	759
Other expenses	0	32	52
Total Operating Expenses	3,335	3,243	3,457
Operating income	**2,066**	**2,198**	**2,157**
Other income and deductions	(59)	86	2
Interest charges:			
Interest on debt	1,731	1,876	1,978
Amortization of debt acquisition expense	122	116	114
Less: Allowance for funds used during construction	(123)	(114)	(74)
Net interest charges	1,730	1,878	2,018
Net Income	277	406	141
Less: Write-offs	126	554	223
Adjusted Net Income	**151**	**(148)**	**(82)**

Summary of Revenue from Operations

The TVA Act requires that rates be sufficient to produce gross revenues adequate to cover the cost of operation, maintenance, and administration of the system, payments to states and counties in lieu of taxes, specified fixed charges associated with debt financing, U.S. Treasury payments, and a margin, determined by the TVA Board, for investment in system assets, reduction of liabilities, and other purposes connected with TVA's power program.

Estimates of revenues are summarized in the following table.

($ in millions)

	1994 ACTUAL	1995 ESTIMATE	1996 ESTIMATE
Municipalities and cooperatives	4,582	4,756	4,926
Federal agencies	296	167	168
Directly-served industries	452	446	448
Other electric systems			
Total sales	5,330	5,369	5,542
Rent from electric property and other revenue	71	72	72
Total Revenues	**5,401**	**5,441**	**5,614**

Operating Expenses

TVA is making every effort to hold down operating costs. Operating expenses for FY 1994 were $3.5 billion. Preliminary estimates for FY 1995 and FY 1996 indicate a decrease in FY 1995 and an increase in FY 1996. The decrease in FY 1995 is due primarily to savings from the early out program and the delay of Watts Bar Nuclear Plant startup until FY 1996. The increase in FY 1996 is due primarily to increases in labor and materials and depreciation expense due to the startup of Watts Bar Nuclear Plant. The FY 1995 and FY 1996 estimates assume no additional revenue requirements. Fuel and purchased power expenses represent the largest category of TVA operating expenses at $1.5 billion in FY 1994, $1.3 billion in both FY 1995 and FY 1996. The following table outlines TVA's fuel and purchased power expenses:

($ in millions)

	1994 ACTUAL	**1995 ESTIMATE**	**1996 ESTIMATE**
Coal	1,237	1,198	1,119
Nuclear	201	139	195
Oil	12	4	4
Purchased from Cumberland River System (SEPA)	24	20	19
Cogeneration purchased	1	2	2
Net Interchange	18	(46)	(72)
Total Fuel and Purchased Power Expenses	**1,493**	**1,317**	**1,267**

Capital Investment

Power capital investment was $1.9 billion in FY 1994, and is expected to be $1.8 billion and $1.4 billion for FY 1995 and FY 1996, respectively. These figures do not include Allowance for Funds Used During Construction.

($ in millions)

	1994 ACTUAL	1995 ESTIMATE	1996 ESTIMATE
Nuclear additions and improvements	802	746	402
Fossil and hydro additions and improvements	737	560	556
Transmission system facilities	130	161	180
General facilities	259	294	244
Total Capital Investment	**1,928**	**1,761**	**1,382**

Power Program Borrowing

Section 15d of the TVA Act authorizes TVA to issue bonds, notes, and other evidences of indebtedness to assist in financing its power program. The maximum amount of such obligations authorized to be outstanding at any one time is $30 billion. At the end of FY 1994, this indebtedness was $25.9 billion, and expected to increase to $26.9 billion by the end of FY 1995, and increase to $27.5 billion by the end of FY 1996. These amounts exclude bonds held by the Federal Financing Bank (FFB) and the public that are being redeemed under an "in substance" defeasance arrangement. The bonds held under an "in substance" arrangement were $3.8 billion in FY 1994, and projected to be $1.2 billion at the end of FY 1995 and FY 1996.

The $1.0 billion in net borrowing for FY 1994 is primarily for increased effort required for commercial operation of Watts Bar unit 1, additional work necessary for restart of Browns Ferry unit 3, fossil system modifications required to improve availability, combustion turbine renovations, and to repurchase nuclear fuel inventories. The combined $979 million in borrowings for FY 1994 and $1,000 million in FY 1995 is due to continued efforts on Watts Bar unit 1 and Browns Ferry unit 3, continued efforts on fossil system availability improvements, clean air modification, hydro modernization, and transmission system improvements.

Statement of changes in Indebtedness

($ in millions)

		1994 ACTUAL	1995 ESTIMATE	1996 ESTIMATE
Borrowings at beginning of fiscal year				
Long-term debt:				
Payable to Public*		15,481	19,862	20,770
Payable to Federal Financing Bank*		6,075	3,400	3,200
Short-term debt:				
Payable to U.S. Treasury		150	150	150
Payable to public		3,193	2,466	2,758
Total		24,899	25,878	26,878
Changes in borrowing during fiscal year				
Long-term debt:				
Payable to public	issues	6,678	1,633	2,244
	redemptions	(797)	(725)	(1,300)
	defeasance	(1,500)	0	0
Payable to Federal Financing Bank				
	issues	0	(200)	0
	redemptions	(2,675)	0	0
	defeasance	0	0	0
Total		1,706	708	944
Short-term debt:				
Payable to public —Net		(727)	292	(359)
Total Change in Debt		**979**	**1,000**	**585**

*Defeased debt is excluded from the total.

Statement of changes in indebtedness (continued)

($ in millions)

	1994 ACTUAL	1995 ESTIMATE	1996 ESTIMATE
Borrowings outstanding at end of fiscal year			
Long-term debt:			
Payable to public*	19,862	20,770	21,714
Payable to Federal Financing Bank*	3,400	3,200	3,200
Short-term debt:			
Payable to U.S. Treasury	150	150	150
Payable to public	2,466	2,758	2,399
Total	25,878	26,878	27,463
Defeased debt outstanding at beginning of fiscal year			
Long-term debt:			
Payable to Federal Financing Bank	250	0	0
Payable to public	3,000	3,793	1,209
Total	3,250	3,793	1,209
Changes in defeased debt during fiscal year			
Long-term debt:			
Payable to Federal Financing Bank			
Transferred to Trustee	0	0	0
Repaid by Trustee	(250)	0	0
Payable to public			
Transferred to Trustee	1,500	0	0
Repaid by Trustee	(707)	(2,584)	0
Total	543	(2,584)	0
Defeased debt outstanding at end of fiscal year			
Long-term debt:			
Payable to Federal Financing Bank	0	0	0
Payable to public	3,793	1,209	1,209
Total	**3,793**	**1,209**	**1,209**

*Defeased debt is excluded from the total.

TVA Annual Metric Report

The following report is prepared under the Guidelines for Submission of Annual Metric Reports required by P.L. 100-418, Section 5164, Metric Usage. TVA's implementation of the metric system of measurement is summarized through December 31, 1994, for five categories: conversion status and sensitivity; Federal, state, and local consultations; private industry initiatives; public awareness initiatives; and employee training. Each of these areas is discussed in detail in this project.

Conversion Status and Sensitivity

TVA Overall

On October 31, 1994, TVA's Chief Operating Officer approved and executed "TVA's Metric Commitment." This policy commits TVA organizations to "an orderly and reasonable transition to the metric system by October 1995 where such transition is reasonable and cost effective."

TVA's Metrication Working Council assists all TVA organizations in completion of metric conversion activities. Major FY95 plans include:

- Development of an agency metrication communications plan.
- Evaluation of conversion to A4 paper in TVA.
- Development of TVA metric suppliers list.
- Development of TVA Metric/Awareness Plan.
- Update of metric procedures in TVA design organizations.
- Update of TVA engineering standards in metric.

Customer Group

Support an orderly transition to the metric system by 1995.

- Emphasize and specify metric or dual units in material procurement.
- Complete a metric survey and develop an associated training plan.
- Develop metric conversion routines for use with existing data bases.
- participate in the A4 paper conversion study for the agency.
- Use metric units in all new automation activities.
- Encourage supplier's transition to metric.

Transmission/Power Supply

Existing facilities, equipment, and systems that have been designed and constructed in nonmetric are not being converted to metric. A procedure is being developed that establishes a criteria for deciding when new projects will be in metric.

- Design and construct a substation and transmission line project using metric units.
- Develop all grading drawings in metric.
- Develop new transmission engineering standards in metric.
- Design all new metering projects in metric.
- Develop new structure and foundation drawings dimensioned in dual units.

Facilities Services

Actively promote activities across TVA to meet the conversion to the metric system by October 1995.

- Design all new construction projects utilizing hard metric designs and products.
- Design all renovation projects utilizing soft metric designs and specified products.
- Lead TVA study team in A4 paper conversion.
- Convert all business plan indicators to metric units.
- Emphasize the use of metric units in correspondence, reports, instruction manuals, and brochures.

Purchasing

Encourage requisitioners and suppliers to use metric specifications.

- Create a source list of suppliers that can furnish metric commodities.
- Specify metric units in standard item descriptions.
- Seek metric conversion opportunities in long-term purchasing contracts.

Fossil & Hydro Power

Existing facilities, equipment, and systems that have been designated and constructed in nonmetric are not being converted to metric. A procedure is being finalized that established a criteria for deciding when new projects will be in metric.

- Construct a new storage and workshop building at Fort Loudoun Hydro Plant in metric.
- Design a lock operations building in metric.
- Revise the Fossil & Hydro metrification procedure.

Nuclear

Ongoing activities involving design changes, construction, modifications, and maintenance to existing nuclear plants that require interface with preexisting drawings and design calculations will continue in nonmetric dimensions. Existing designs will not be converted because of safety considerations. Certain replacement parts and materials for nuclear plants must meet stringent nuclear regulatory requirements related to design basis and supplier quality assurance programs. This precludes cost-effective conversion to metric.

Resource Group

Some activities, primarily in the scientific activity fields, are using metric units, and other activities will be converted to metric in accordance with the new TVA Metric Commitment Policy.

- Design a standard visitor comfort station building in metric.
- Design and build a shallow-craft shiftboat in metric.
- Convert signage to metric.
- Distribute metric training materials to employees.
- Design a workshop and storage building in metric.

Federal, State and Local Consultations

Customer Group
Incorporate progress of other Federal agencies and utilities into the metric transition program.

Transmission/Power Supply
Activities require close interaction with many other agencies, such as FERC, DOE, and EPA; and local governments involved in transmission line projects.

Nuclear
A committee has been formed in conjunction with other Federal agencies to promote the use of metrics in the procurement of electrical equipment.

Resource Group
Activities in many cases closely interact with other Federal agencies, such as the U.S. Geological survey, with state and local governmental agencies.

TVA is a member of the Federal Geodetic Data Committee (FGDC), established by OMB, which is required to develop nationwide standards for use and interchange of all Federal spatial data.

Private Industry Initiatives

Purchasing
TVA has informed key suppliers about its Metric Policy at annual supplier recognition events and has developed supplier lists for those with metric capabilities.

Resource Group
A TVA Quality Supplier initiative exists to promote metrics among vendors and contractors.

Public Awareness Initiatives

Facilities Services
Displays promoting the use and benefits of metrics are being placed in TVA facilities across the service territory.

Resource Group
Metric units will be utilized in all recreational facilities across the Valley.

Nuclear
Displays promoting the use and benefits of metrics are being placed in TVA nuclear plant visitor centers.

Employee Training

All TVA Organizations
A metric survey and associated training initiative is under development to promote metric awareness among all employees.

Facilities Services
Employees, contractors and suppliers have been provided metric awareness training.

Fossil & Hydro Power
An extensive program has been developed to increase metric awareness among employees.

Supplement to Tennessee Valley Authority's Budget Program

For the Fiscal Year Ending September 30, 1996

Submitted to Congress February 1995

Supplement

TVA Fiscal Year 1996
TVA Projects for 1996

Stewardship

Projects for FY 1996	**$000's**
Daily Reservoir Operations	**7,661**

This funding supports preparation and dispatch of daily operating plans for the Tennessee River's integrated water control system in order to meet statutory and secondary operating purposes. Public benefits: maximum room to store water for flood prevention and control which saves lives and prevents economic disaster; minimum acceptable levels and flow for boating and fishing to ensure profitability of reservoir recreation; minimum depths for navigation along the entire system; constant levels for cooling at TVA's fossil and nuclear plants which rely on the low cost cooling properties of water, thus, keeping electric rates competitive; and water to hydropower facilities to efficiently meet peak power demands, thus, keeping electric rates competitive.

Dam Safety - Capital and Operations & Maintenance and	**14,974**
Emergency Planning	**190**

This funding supports management of dams and bridges for safe and effective operations. Responsibilities—inspect dams, bridge structures, and machinery for structural integrity; perform maintenance for safe operation; conduct emergency preparedness exercises for dam safety instances, flood situations and natural or human-caused environmental disaster; screen dams for conformance to present-day design criteria; perform detailed engineering and design for bridges and dams that do not meet seismic design standards; and perform construction modifications to bridges and dams as needed. Public benefits: reduction of risk to people and property within the floodplain along the entire length of the Tennessee River; and emergency preparedness in the event of dam failure or hazardous waste spill.

As a federal agency, TVA complies with the Federal Guidelines for Dam Safety for the 54 dams controlled through the integrated system. TVA owns 48 of the dams and bridges, and it controls and protects the public's investments through this program category.

Reservoir and Stream Vital Signs Monitoring	**1,529**

This funding is used to monitor biological, physical, and chemical indicators of water quality in TVA reservoirs. Composite data measure ecological health and suitability for human uses in these waters. An annual data analysis is published and distributed to Valley residents in formats useful for water management decision-making and increasing public awareness of river conditions. Public benefits: Valley residents learn about the scope and impacts of pollution from tributary rivers; lake users and homeowners are notified of the health of reservoirs downstream from pollution sources; TVA scientists make superior management decisions based data trends and ecosystem dynamics.

Clean Water Initiative **2,124**
and
River Action Teams **6,472**

This funding supports the Clean Water Initiative which identifies priority areas for improvement or protection TVA builds coalitions with others agencies and private citizens to define the cause-and-effect relationships of river pollution then designs workable fixes to problems The coalitions, called River Action Teams, cooperatively implement resource cleanup and protection projects and track their performance through monitoring resource condition. Public benefits: water quality is managed to achieve a full range of competing water uses that include drinking, boating, fisheries, energy production, agriculture, and cargo transportation, and TVA manages the Tennessee River basin as a single, regional ecosystem, without regard to mapped boundaries ensuring that resources are applied first to areas most critically in need of remediation, thus, benefiting the entire river basin for all Valley residents.

Pickwick Channel Modification **5,000**

This channel modification project consists of widening a two-mile (3.2-kilometer) stretch of the navigation channel in the river bend below Pickwick Lock. The work will be accomplished by underwater drilling, blasting and dredging. The excavated material will be placed on the right descending bank to help stabilize it against erosion. Public benefits: groundings will cease (since 1984, 211 barges have run aground at this site causing millions of dollars in damage to shippers and suppliers and delaying inventory from reaching its destination downstream of the channel); environmental disaster will be averted and the cost of clean up avoided (34,000 barges pass the length of the river annually, many carrying massive volumes of hazardous cargo, including toxic substances such as chlorine).

Evaluation of Reservoir Shoreline Erosion and Bank Failure **1,000**

This funding supports the implementation of the most comprehensive shoreline erosion prevention project initiated in the U.S. A combination of stabilizing vegetation, bioengineering techniques, and constructed erosion barriers will be applied to a range of soil conditions. Public benefits. water quality, property values and archeological sites are protected; lake sediment levels are reduced and aquatic life improved; and a scientific data base of best-practice erosion techniques is available for transfer to other river basins.

Natural Heritage **585**

This funding will maintain and protect TVA's 77 Natural areas that cover 10,000 acres (4,047 hectares) in order to comply with regulatory requirements. Projects in FY96: implement exotic plant control on TVAis Big Ridge Natural Area; complete annual monitoring of known endangered species; restore 4 National Recreation Trails; and protect at least two endangered plant populations on Columbia Project Lands. Public benefits: protection of natural resources that are unique to the Tennessee Valley and therefore irreplaceable. As a federal agency, TVA is required to inventory, monitor, and protect both aquatic and terrestrial threatened and endangered species and habitats to comply with the National Environmental Policy Act, the Endangered Species Act and Executive Order 11990 for wetlands protection.

Cultural Resources **411**

This funding will support archaeological inventories on TVA lands; perform land use proposals for regulatory compliance; protect archaeological sites; complete the historic survey of all major TVA facilities federally significant artifacts; and initiate the required consultation with Native American groups for the disposition of all human burial remains and burial objects unearthed by TVA or its contractors. Public benefits: Native American history will be recorded contributing to education and cultural preservation. All Cultural Resource Activities required under the National Historic Preservation Act, the Archeological Resources Protection Act, the Native American Religious Freedom Act, and the Native American Graves Protection and Repatrian Act.

Automated Land Information System (ALIS) **1,258**

This funding will complete the system design of TVA's Automated Land Information System (ALIS). This state-of-the-art computer system automates key business processes to manage TVA reservoir lands more efficiently and effectively. ALIS will replace the current 60-plus years of manual records. Public benefits: immediate access to accurate information at 20 locations for 26A permit analysis; and reducing cycle time for land use review, permits and request for information; increased employee productivity; reduced cost-per-unit of records reproduction.

Section 26a Permit Reviews **1,694**

This funding supports the annual processing of 4,000 applications for erecting structures (such as docks, boathouses, paper mills, and barge loading facilities) along the Tennessee River and its tributaries. Section 26a of the TVA Act requires that all construction, operation, or maintenance of structures on or along the Tennessee River and its tributaries which affect navigation, flood control, or public lands must receive review and approval by TVA. This section was enacted to prevent any interests from conducting activities that could interfere with TVA's Congressionally-mandated mission for the unified development of the Tennessee River system. Section 26a permitting is a "federal action" which automatically triggers application of federal environmental laws, regulations, and executive orders. Public benefits: consistent uses of lands along shorelines for the prevention of lake hazards and shoreline erosion.

Land Administration **2,798**

Since its inception, TVA has acquired land and landrights necessary to operate reservoirs and the power system in accordance with navigation, flood control and power generation mandates. TVA's landrights range from ownership of the land to easement rights for flood control. This work includes: responding to proposals for use of TVA land; prevention, detection, and resolution of alterations or abuse of TVA lands; and monitoring thousands of existing contracts and land use agreements for compliance. Public benefits: preservation of scenic beauty; protection of water quality; improvement of wildlife habitat; and assured access to recreational use of TVA lands.

Reservoir Land Planning **393**

This funding supports management of the 101,175 hectares (250,000 acres) of reservoir land around its lakes. The process provides for policy and performance standards and active participation by the public, local, state, and federal agencies and private organizations. In FY96, emphasis will be placed on supplementing all these land use plans with shoreline management plans.

Outreach and Marketing **480**

In FY96, this program will manage the public involvement process associated with the Draft Environmental Impact Statement publication of the Shoreline Management Initiative. Public benefits: future management activities will reflect citizen values and preferences that affect their property values, recreation patterns and the ecological health of the river and lakes.

Realty Administration **225**

This program manages the acquisition and disposal of federal property under the Uniform Relocation and Real Property Aquisition Policies Act and the TVA Act.

Reservation/Reservoir Facility Upgrades and Site Remediation	**2,990**

This funding supports work that investigates and analyzes solid and hazardous waste sites on TVA property, determines the geographical extent of contamination, and remediates sites as necessary. In execution of this program, TVA complies with state and federal environmental regulations and TVA policies. Public benefits: protection of human health, wildlife, and the environment.

Facility Management	**13,030**
and	
Dam Reservation/Reservoir Facility Administration	**7,467**

These funds support the cyclical maintenance for approximately 200 facilities throughout TVA properties. Sites include the Environmental Research Center's 68 buildings, and all TVA campgrounds, and visitor centers on dam reservations. In addition, road and turf maintenance and hazardous site and materials management is performed through this category. Public benefits: day use areas and visitor center restrooms are accessible year-round; machinery and research facilities are maintained at least cost; protection of capital assets; and campgrounds that support the Region's $400 million (annual) recreation industry are provided at low cost.

Total	**70,281**

Land and Water

Projects for FY 1996 **$000's**

Navigation Development **3,400**

This funding supports upgrading of the Tennessee River system's locks and mooring facilities to ensure reliability and safe use. Costs covered include maintenance on lock support facilities, electricity to operate the locks, servicing of navigation aids for recreational boaters, maintenance of onshore buoy reference ranges, refurbishment of navigation staff gauges, publication of navigation charts and maps, safety studies of commercial traffic on the Tennessee River, and freight estimate rates for all modes in both domestic and international commodity movements. Public benefits: low cost transportation of consumer and raw industrial products; safe, challenging recreational boating experiences.

Natural Resource Management **941**

These funds support the efficient conservation of natural resources. In FY96, the program will implement management activities on approximately 445 hectares (1,100 acres); operate 7 dewatering areas totaling 15,000 acres (6,070 hectares), develop and implement vegetative management plans for soil stabilization on 12,000 acres (4,856 hectares). Public benefits: balanced protection of forested wetlands and wildlife habitat

Shoreline Management Initiative **481**

These funds support the second phase of work associated with establishment of TVA's first shoreline management policy for residential shoreline development. This policy will identify where future residential shoreline development can and cannot take place, the standards for such development, and environmental protection measures. Public benefits: property rights and values will be protected on an ecosystem scale through consistent management of reservoir shorelines; and shoreline and riparian zones will be managed at consistently high standards as developed through collaboration with the public.

Regional Water Supply **800**

This program plans and implements specific water supply projects as directed by Congress, provides technical assistance to municipal watershed managers, and is responsible for management of the unfinished Columbia Dam and Reservoir Project. The base program is funded by appropriations. However, additional funds are frequently directed to trust accounts to support specific water supply projects. Joint ventures with other agencies also may provide funds to support other projects thus leveraging funding to accomplish TVA planning objectives. Public benefits: potable water supply is protected and upgraded for communities throughout the Tennessee Valley.

Flood Damage Reduction Project **1,300**

These funds support acquisition of properties at-risk of flooding, relocation of the families impacted, removal of structures from the property, grading and stabilization of soils and development of a plan for long term maintenance of the property. Public benefits: Gradual increases in flood storage capacity; relocation assistance to property owners whose property value would plummet if flooded.

Chickamauga Lock Project **1,000**

The purpose of this project is to complete the environmental impact statement which will allow for lock improvements. TVA owns locks and dams on the Tennessee River and is responsible for their structural stability. Inaction by TVA is not an option due to projections that the lock at Chickamauga will fail by the year 2003.

Reservoir Releases Improvements 310

The purpose of this program is to install, maintain, and operate aeration and minimum flow systems to improve the quality of water released at TVA dams. This work is part of the Lake Improvement Plan which calls for incremental improvements in dissolved oxygen levels below dams. Public benefits: fisheries that support recreation and aquatic habitat are managed for sustainable levels.

Regional Forest-Based Surveys and Databases 310

This project maintains, updates, and improves TVA's Forest Resources and Forest Industry databases and Forest Management software. OVA has been gathering information on the Region's forests and forest industries since 1937, which constitutes the longest standing database of its kind. The project allows TVA to document trends and provide timely, and precise technical information to a wide variety of customers at a time when public interest in and concern about forest sustain ability is intense. Public benefits: with an accurate data base spanning the rotation cycles of native timber stands, the public and TVA can make decisions that sustain economic development.

Logger Education 74

Because the vast majority of forest lands logged in the Southeast are in private ownership and small acreage's, educating loggers about environmentally responsible logging practices is the cheapest and most effective way of sustaining the region's uniquely diverse forest ecosystems. Regional forest lands, public and private, produce over 25 percent of the nation's lumber, over 40 percent of the hardwood, 450,000 jobs for the region, and $50 billion in product value annually. Public benefit: water quality is improved when upland logging practices are improved, contributing to the sustain ability of watershed health without loss of economic value.

Land and Facility Administration 1,792
and
Water and Land Administration 514

These funds support labor intensive management of TVA reservoirs and 250,000 acres of reservoir lands. Eleven Reservoir Land Management Teams - one in each watershed - work with developers, community leaders and lakeside property owners on protection standards and development alternatives that meet both environmental and developmental needs. Once the new Shoreline Management Policy is finalized, these teams will introduce and enforce the new policies. Public benefits: developers and communities invest in residential and light industrial projects that protect wetlands, critical habitat and water quality without forfeiting sustainable economic growth and community stability; convenient, community-based management of community land and water resources.

Total 10,922

Land Between The Lakes (LBL)

Projects for FY 1996	**$000's**
Campground Operations	1,257

The purpose of this program is to support the planning, operation, and maintenance of LBL's full-service and basic service campgrounds to meet the camping needs of 388,000 visits from families and groups who come primarily to camp, sightseeing, fish, and hunt. Facilities include campgrounds which have a combined total of 1,100 camping sites in addition to backcountry camping.

Day-Use Services	1,385

The purpose of this program is to support the planning, operations, and maintenance of LBL's day-use facilities and programs for 2.5 million annual visits from families, schools, and groups or individuals seeking outdoor recreation and environmental education experiences including hunting, hiking, biking, fishing, tours, recreation rentals, sightseeing, wildlife viewing, nature and history studies. TVA is responsible for management of LBL as a national recreation area providing public access to the land and adjacent lakes and meeting public demands for recreational educational services.

Resident Centers	445

The purpose of this program is the continued operation of LBL's Brandon Spring Resident Center and leasing of Youth Station Resident Center to a suitable partner. The two facilities will provide resident environmental education and recreation experiences for 250 groups totaling over 11,000 children. The revenue from this program allows TVA to continue development of LBL as a recreation and environmental education asset which stimulates economic growth in the region.

LBL Resource Stewardship	626

LBL's natural resource management includes both the manipulation and preservation of selected components of ecosystems and associated species. Environmental components that are managed are forests, open lands, wildlife, and water. Activities include timber harvesting, contract farming, maintaining Biosphere Reserve Core areas, and providing programs for both game and non game wildlife-related recreation experiences. This program provides for both the continued economic development and sustained economic benefits to the region of more that 400,000 wildlife-related visits annually.

Public Use Plan/Environmental Impact Statement	379

Development of a public use plan for LBL will reduce the need for federal appropriations for LBL's future development and operation. The plan will be prepared under the National Environmental Policy Act (NEPA) to ensure public involvement and the consideration of a reasonable range of alternatives. This work is essential to meet Congressional and TVA Board mandates to maximize cost recovery in all LBL operations. This program provides TVA an opportunity to showcase LBL as a national model of cost-efficient operations for other publicly-managed lands.

LBL-Wide Maintenance	2,078
Total	**6,170**

Environmental Research Center (ERC)

Projects for FY 1996 **$000's**

Ozone Mitigation **3,893**

Despite comprehensive local, state, and national regulatory initiatives over the past 20 years, ground-level ozone concentrations continue to be a major environmental concern. This program is organized around 13 interrelated projects focused on quantification of emissions, improved understanding of the chemical and physical processes involved in ozone formation and transport, modeling the spatial and temporal patterns of ozone exposure, and the conversion of exposure estimates into impacts on key regional resources All of these efforts are couched within larger national efforts. In the Tennessee Valley ground-level concentrations raise two distinct issues: (1) urban nonattainment and (2) impacts to air quality related values in the Southern Appalachians.

Bioremediation of PCB's **2,482**

Through this program, technologies will be developed for bioremediating soils, water, sediments, and mixed matrices typical of constructed sites that are contaminated with PCB's, PAHs, and mineral oil. Development of bioremediation technologies will involve the principles of biostimulating native microbial pollution to degrade contaminants, or where necessary, bioaugmentation with superior native microbial populations to degrade contaminants. The final product of the research will be technologies for the destruction of PCB's, PAHs, and mineral oil at a lower cost than incineration or placement in landfills. A tailored collaboration between TVA and other public and private entities is now at a stage where a PCB-degrading recombinant microbe will soon be field-tested. This will be the first use by anyone of a recombinant microbe for bioremediation.

Agricultural Strategies in Watersheds **6,440**

TVA develops and implements strategies to prevent pollution and protect the water quality of watersheds. These programs include: biological controls of aquatic plant pests; riparian zone restoration and management; waste utilization; sustainability of restored lands; water quality risk assessments; and biological controls of aquatic plant pests. National policy and regulations are shifting towards a watershed approach to both point and nonpoint source pollution control. TVA is uniquely positioned to develop solutions to this problem through the multi-disciplinary expertise contained in its own organizations.

Air Toxics Control **496**

This program performs environmental research on air and water pollution, toxic and hazardous pollutants, power production, environmental controls, environmental regulations, public health, risk assessments, sampling, and analysis technology. This program is divided into two focused research areas: (1) Plume Toxics which assesses the magnitude and significance of toxic emissions from TVA fossil plants; and (2) Air/Water Toxics which is focused on developing a holistic understanding of the transport and fate of toxic air pollutants.

TVA operations are a significant source of toxic air pollution within and outside the Valley. Also, TVA's electrical distribution system, through its past use of PCB-containing transformer oils, remains a loosely defined but significant source of air, water, and soil contamination. A portion of this program is funded through TVA Power Program revenues.

Biomass Research and Development **824**
and
Biomass Commercialization **1,162**

This program involves the development and introduction of technology for environmentally sound, cost-effective alternatives to current disposal methods for biomass wastes. Technologies involve production of power, liquid fuels, and chemicals from wood, forestry, agricultural, and municipal wastes. Biomass refinery processes are researched, developed, and evaluated for technical and economic feasibility. Testing occurs at laboratory, pilot-plant, and demonstration scales.

Bioreactor Technology **369**

The purpose of this program is to research, develop, and apply economical bioreactor systems to industrial waste management and contaminated site remediation; develop biofilter technology for the remediation of hazardous compounds recognized by the 1990 amendments to the Clean Air Act; and utilize design parameters from bench and pilot tests for design of demonstration and industrial-scale processes.

Resource Conservation Recovery Act (RCRA) Projects **6,933**

This multi-year project to identify, categorize, and remediate chemical contamination at ERC resulting from more fifty years of industrial chemical plant operations is nearing its half-way point. Fifty-three sites have been investigated for contamination. Approximately 40 of these sites will require further analysis to determine the level of remedial action required. Risk assessments and corrective studies have begun. The initial phase of this project is nearing completion. It involves cleaning up and disposing of surplus chemicals, materials, and equipment as well as demolishing facilities. TVA is mandated by law to conduct the RCRA corrective action project and the environmental compliance programs.

Environmental Sensors **1,387**

This research proposes to reduce the costs associated with the detection of chemicals, metals, and microbiologics thus improving remediation technology application and process control monitoring for regulatory compliance. Current sensor projects include: sensors to measure mercury in flue gas; field validation of a toxicity test for photoactive herbicides; a monitoring technology for bioreactor degradation of solvents; and improved methods for assessing total and specific microbial populations during bioremediation. TVA offers a unique facility for the demonstration of innovative low-cost design technologies and has the expertise and laboratories to perform the investigations and demonstrate technologies at facilities in the Valley.

Wastewater Remediation/Constructed Wetlands **924**

The purpose of this program is to develop cost effective designs and operational guidelines for constructed wetlands to treat contaminated industrial wastestreams. Results are field tested and demonstrated by developing partnerships with other public and private sector entities. Complying with clean water mandates costs industry billions of dollars and puts many industries at risk. During the past three years, TVA scientists have made significant advances in the science and technology of constructed wetlands for treating industrial wastes, which will lead to lower-cost, "natural" waste water treatment.

Pollution Prevention in Agriculture **1,201**

TVA is the lead agency for 66 pollution prevention models in 27 states, demonstrating environmental technologies and measures to the nation's agricultural retailers and to those who regulate them. TVA's pollution prevention structure with retailers is used to develop, test, and demonstrate site remediation, wetlands technology, buffer zones, environmental sensors and bioremediation for agricultural and related industrial wastes. TVA has a unique and well-established relationship with agricultural retailers and trade associations throughout the nation.

Poultry Litter Utilization 924

TVA studies ways to economically use and add value to poultry by-products through environmentally safe approaches. TVA also is converting litter to forms for land/plant uses, such as composting, soil amendments, potting mixes, organic fertilizers, animal feed uses, and industrial fuel uses. This program helps solve a national problem with a significant regional impact. The poultry industry is important to the economic base of the TVA region, and nationally, the poultry industry is a $30-billion industry. This work involves identification and evaluation of alternative utilization strategies for poultry litter for information, product development, product testing, and product/technology transfer.

Risk Assessments 740

Health-based risk assessments (HBRA) are performed as a service to business in characterizing site remediations and in the area of research in developing new technologies. Currently, HBRAs rely on existing data based on animal studies or stringent limits imposed by the Environmental Protection Agency. The HBRA business will use toxicological data and statistical methods to provide a more realistic product for site remediations and to introduce alternative technologies to those which currently exist.

Weather Forecasting Technology 185

Weather and climate are very important factors affecting TVA water management decisions and electric power supply, marketing, and plant operations. Reducing uncertainty in weather forecasting will allow more accurate planning to meet power demand, operate reservoirs for flood control, and predict transport from accidental releases. The work affected by this program: weather forecasting; forecast models; hydrosystem operation; flood control; hydropower; electricity generation; and thermal compliance. A portion of this program is funded through TVA Power Program revenues.

Industrial Wastes 1,111

The purpose of this program is to evaluate scaleup and demonstration technologies that have gone through proof-of-concept in academic and other labs; develop separation technologies for industrial and municipal effluents; evaluate and parameterize process simulation models for waste reduction; and serve as a resource on technology alternatives for environmental compliance.

Global Climate Change and Sustainable Development 1,474
and
Greenhouse Gas Mitigation 1,737

This program uses an integrated resource management and protection framework to develop bioenergy cropping system strategies, technologies, and practices which provide environmentally and economically sustainable supplies of bioenergy for electric power production, align these activities with other TVA strategies that mitigate greenhouse gas emissions and associated adverse global climate changes, and which at the same time improve water quality, reduce soil erosion, and stimulate economic and rural development where bioenergy crops are grown. The solutions developed by this program are transferred nationally.

Total . **32,282**

Economic Development

Business Development Projects for FY 1996

	$000's
Tennessee Urban League Skills Center	1,051

Through this program, TVA partners with the National Urban League Affiliates in Tennessee to provide computer assisted, self-directed learning systems that are used to assess work skills and provide training for economically disadvantaged people. This program reaches an underserved population that is often the most difficult segment of the population to engage in training—unemployeed and underemployed adults from disadvantages communities

Job Training Partnership Act (JTPA) Welder Craft Training Program	1,195

In cooperation with Alabama Department of Economic and Community Affairs, the Plumbers and Steamfitters Union Local 760 in Muscle Shoals, Alabama, and the Iron Workers Union Local 477 in Sheffield, Alabama, TVA is operating a welding training program for displaced workers. TVA coordinates the training activities and employs the trainers. The funds are used to provide trainers, coordinate training activities, and replace obsolete equipment. The program has trained about 800 qualified welders, moving them from unemployment rolls to payrolls by equipping them with a marketable skill that is in demand.

Waste Reduction Assessment and Technology Transfer (WRATT)	1,991

A national model developed by TVA, this program helps industries increase efficiency and save money by reducing waste at the source. Waste management is the second highest cost for American industry, often exceeding labor cost. By using this model, industries have saved, on the average, $90,000 a year per facility. Since its development, the program has been incorporated by waste reduction efforts in Alabama, Florida, Georgia, Iowa, Kentucky, Michigan, Mississippi, New Hampshire, North Carolina, South Carolina, Tennessee, and Vermont. Also, the city of Los Angeles, California, has begun to use this model, and other states, such as Pennsylvania, and even Canadian provinces are exploring this waste reduction strategy.

Small Business Incubator Network	3,584

Through this program, TVA serves as lead organization in a network that helps communities grow their own jobs through entrepreneurial development, particularly in economically distressed areas. In the last five years, more than $5 million in additional investments have been made and more than 700 jobs have been created. TVA plans to leverage other economic development financial resources at a minimum ratio of 3 to 1.

Total	**7,821**

Economic Development

Community Development Projects for FY 1996

$000's

Morgan Square Tourism Project **996**

This project is part of an economic development strategy to attract tourism to the region by helping to renovate a downtown historic district in Greeneville, Tennessee. To date, the economic development strategy in this area has attracted four new industries, which created 500 new jobs. TVA funding for this project is part of a joint public/private venture that combines $10 million in federal, state and local public and private funding.

Four River Counties, Kentucky **199**

TVA is helping four rural communities in Kentucky develop and support an economic development organization to promote the development of their region. The counties border the Mississippi River between Paducah, Kentucky, and the Tennessee state line. Through this program, TVA funding will establish worker training/retraining programs, promote entrepreneurial and small business development projects, expand local industry, and develop local leadership programs. Public and private funds have been leveraged to support this effort.

Quality Communities **844**

This program will enable 16 rural communities to develop and implement economic development strategies that will promote prosperity and community improvement. Funding will help TVA conduct four regional-level training workshops for these communities and will provide some seed money to each participating community. This program represents a new process that enables TVA to reach more communities, to concentrate its limited resources, and to better track results. Qualities is a regional approach and national model for planning and implementing economic development programs on rural communities.

Tourism Development and Marketing Plans **199**

Through this program, TVA will help rural communities assess their tourism resources and develop effective marketing strategies. TVA will use funding to sponsor tourism development workshops throughout the Tennessee Valley. TVA will help up to 14 of these communities or groups of communities develop community-wide tourism development plans and associated marketing tools. TVA funds will be used as matching funds to help defray the cost of developing local or regional plans and marketing materials.

Tourism Impact Studies **398**

Under this project, TVA would help diversify rural economies by establishing new tourism-oriented businesses. TVA will use funding to conduct site development and economic impact analysis for up to ten tourism-oriented facilities on specific sites in ten rural communities.

Minority Economic Development **152**

Nearly 34% of the African-American population (98% of minorities in Tennessee Valley region) live below the poverty level, compared with 13% of the majority population. TVA will help support eight to ten Minority Enterprise Development weeks in the Tennessee Valley which will provide economic development opportunities to minority entrepreneurs. Also, funding will be used to design programs for high school youth to learn about business development and career opportunities.

Total **2,788**

Economic Development

Technology Development Projects for FY 1996	**$000's**
Electronic Information Improvements TVA will use funding to develop computer systems so businesses and communities can access TVA's wide assortment of economic development data and information. TVA will partner with businesses and state/local agencies to demonstrate how such systems can enhance business and job growth. Also, funding will support the technology needs of the Tri-State Ocoee Region, as part of the Ocoee 1996 Summer Olympics Project.	2,240
TVA/National Information Infrastructure Internet This project will help TVA provide its wide assortment of economic development data and information on the Internet. Through Internet, business and communities will be able to access much-needed information on TVA's economic development data and information.	398
Business Media Training Center This center is a partnering effort with Tennessee Technological University and helps provide small businesses with affordable tools to enhance business growth and job creations. Funding is used to provide hands-on training in an assortment of current multimedia presentation applications using the latest computer software. Funding also is used to develop multimedia presentations for TVA's Economic Development programs. The goal is to make the center self-sufficient.	299
Waste Match Funding will be used to develop a computer program that matches waste producers and users in the TVA region and will serve eventually as a national model. This program helps reduce the amount of unused waste in the region and helps businesses and industries become more competitive.	498
Internet Business Demonstrations Through this program, TVA will offer businesses, especially small, minority, and woman-owned businesses, an opportunity to access and learn more about the Internet system. Many businesses would find information on this network valuable yet do not know how to use it.	199
Total	**3,634**

Economic Development

Technical Services
Projects for FY 1996 $000's

Tennessee-Tombigbee Development **396**

Funding for this program will help attract the growth of businesses, industries, recreation, and tourism along the Tennessee-Tombigbeee Waterway and Tennessee River and will benefit economic development of four states. The program is a partnership with TVA, the states of Alabama, Mississippi, Tennessee, and Kentucky and local economic development organizations. TVA provides both technical assistance and funding.

Cooperative Program with Land Grant Universities for Agri-21 **4,129**

Agri-21 focuses on the rapid adoption of economically viable and environmentally sound farming techniques, practices, and management systems. Funding for this program marks the completion of the Agri-21 Farming Systems regionwide and the beginning of new initiatives to promote the development of agribusinesses. By assisting agribusinesses, TVA can create jobs, increase incomes, and expand opportunities in rural communities that are dependent on production agriculture.

Technical Support for Economic Development Programs **2,050**

Funding for this area provides the technical support for many of the Economic Development programs listed previously. This support includes economic impact studies, economic forecasting, financial modeling industrial site development studies, and project management.

Total **6,575**

WEDNESDAY, MARCH 1, 1995.

DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

WITNESSES

HON. BRUCE BABBITT, SECRETARY, DEPARTMENT OF THE INTERIOR

DANIEL P. BEARD, COMMISSIONER, BUREAU OF RECLAMATION

MARY ANN LAWLER, DIRECTOR OF BUDGET, DEPARTMENT OF THE INTERIOR

MR. MYERS' OPENING REMARKS

Mr. MYERS. The committee will come to order. The committee is pleased to have Secretary Babbitt back with us once again. We were commenting earlier in the hall that you have been before this committee a great number of years.

The Chairman, Mr. Bevill, and I have been on the committee a good many years, but you have been coming almost as many years as we have been on the committee, both as governor and various other capacities. But we welcome back the Secretary as Secretary of the Interior. Mr. Secretary, your prepared statement will be printed in the record, you may proceed as you care.

SECRETARY BABBITT'S OPENING REMARKS

Secretary BABBITT. Mr. Chairman, thank you very much. It is a pleasure to be back here. I see a lot of familiar faces in the audience from western groups that we have all been working with for a long time. Of course, you and Mr. Bevill are seemingly as eternal as the reclamation projects of the West, myself included.

What I would like to do very briefly is review the highlights. I have Dan Beard with me, and he will be prepared to deal with specific issues.

EVOLUTION OF THE BUREAU OF RECLAMATION

As I reflect on the 16 or 17 years that I have been coming before you and working with this committee, I have seen a continuing evolution of Reclamation's role in the West, and of the shape and size of its budget and what is essentially a transition from emphasis on constructing the reclamation works to managing and operating these projects in an increasingly complex and contentious and diverse environment.

In the course of this transition, the Bureau of Reclamation has evolved from undisputably one of the world's largest construction companies to a more diverse water management agency, which is still doing a substantial amount of construction, but increasingly is in the business of river basin management with its partners, the irrigation districts and the Western States.

Now, the budget that you see this year, the total of discretionary funding is $784 million, represents a decrease of somewhat less than $50 million from last year's budget. That decrease, in my judgment, does not really reflect, as some would have it, a diminution in the importance of this agency and its role. It reflects the large construction projects that are now moving toward the end of the pipeline. That phase-down will in some measure continue as the Central Arizona Project, for example, comes to a conclusion.

In addition to that, we have undertaken to reconfigure this agency, reduce the number of personnel, and streamline the management. I must tell you that in my judgment, Dan Beard, the Director of the Bureau, has really done an extraordinary job of a most difficult reinvention task.

The Bureau of Reclamation today has 1,500 fewer employees than it did two years ago. That has been achieved largely through downsizing headquarters and regional offices, stripping out layers of management, and pushing accountability down to the field level. Dan has done that in a way that has maintained the morale within the Bureau and if anything, made it more efficient and really reconfigured this agency with a minimum of conflict or loss of morale. I think his efforts stand as the model of this new age in the Interior Department, and I believe a model for the entire Federal Government.

Just a few comments about some of the specific projects that I would use simply to illustrate some of these kinds of issues.

In the Colorado River Basin, we are working in this transition with California, Arizona, Utah, and Colorado.

CENTRAL ARIZONA PROJECT

The Central Arizona Project, as it comes on line, has had some major financial problems, occasioned by the collapse of commodity prices and a variety of other factors. That project has really had some extraordinarily difficult times. Some of the irrigation districts have been driven into the bankruptcy courts.

We have had a team out there under the leadership of Don Glaser and Betsy Rieke for the last year and a half in a very intense negotiation with the Central Arizona Water Conservancy District. We are on the threshold of agreement. It has been very intense, complex, and difficult, but I think that we are within reach. That in the next month we will be ready to come back to the Congress to lay out a refinance package that I think deserves your consideration that is tough-minded, realistic, and will put this project back on track.

CENTRAL UTAH PROJECT

Up in Utah, Congress, I think very wisely, moved toward construction of the Central Utah Project in a new mode, by saying that, in the new West, the water districts are capable of constructing the project themselves. So the money has been appropriated directly to my office for subvention and subcontracting to the Central Utah Water Conservancy District to manage the construction. That project is moving well. There is a $44 million request in this year's budget to keep the project moving.

ANIMAS-LA PLATA

In Colorado the Animas-La Plata Project is moving toward a construction start. It has been very difficult. This is the last major construction project authorized by the Congress, and it has had to sail through some very choppy water, an enormous amount of litigation. I believe I can say to this committee that the environmental compliance will be complete by October of this coming year. It is our intention at that point to begin the construction by relocating a major gas pipeline through the area.

I hope we can stick to that. There will, I think, almost predictably be more litigation, but I believe that we have put our very best effort into the environmental impact statement process. We have devoted the resources of this agency to carrying out the will of Congress and will continue to do so.

CENTRAL VALLEY PROJECT

Lastly, a word about California, which, of course, does not involve just the Colorado River, but also the Central Valley Project. In the week before Christmas, we had, I believe, one of the most important closure points in the history of California water. That was the settlement of the Bay/Delta controversy after negotiations of over a year's duration.

These issues have divided California north and south for 30 years. Under the leadership of Betsy Rieke over the last two years, we have been working with all the parties in California. The Bureau of Reclamation was a major player in that negotiation through Roger Patterson, the regional director in Sacramento.

That settlement, historic in its scope, now opens the possibility for kind of the second generation of water management issues throughout the Central Valley. This budget reflects our involvement in those issues. It has a request for a substantial modification at Shasta Dam, which is the major storage reservoir on the north side of the Central Valley Project, and to modify that dam to comply with the requirements for water temperature in the salmon runs in the Sacramento River. There are requests to carry out the needs of fish and wildlife restoration in the Central Valley Project, and a variety of other things.

There will be a fair amount of discussion and some contention over those issues, but I would say to this committee we should place those in the context of a major breakthrough—the Bay/Delta settlement represents a real progress toward resolving these issues in California.

Lastly, I would direct your attention to the water conservation partnerships and the water reclamation reuse. These are relatively minor requests in the context of the entire budget, but they represent, I think, a really important direction for the Bureau. They say to local communities in areas that have water problems "if you are willing to put up resources, we are available in some measure to match those resources and to get serious about how it is we do wastewater reclamation, and how it is we become more efficient in the use of our water supplies."

Now, not all but most of those projects are in Southern California, but I think, I am certain they have implications for the rest of the West and, indeed, for much of the United States, which is now beginning to discover that water resources are not limitless. We are going to see these kinds of issues all over the country. The Bureau of Reclamation, as a partner in water management and water technology, can, in fact, play an important and pioneering role.

Now, with that I would happily subject myself to your tender mercies. At least, judging by the past 16 years, I may hopefully characterize them that way.

[The prepared statement of Mr. Babbitt follows:]

STATEMENT OF BRUCE BABBITT
SECRETARY OF THE INTERIOR
BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

MARCH 1, 1995

I am pleased to appear before you today with Dan Beard, the Commissioner of the Bureau of Reclamation, in support of the President's FY 1996 budget for Reclamation and for implementation of the Central Utah Project Completion Act.

As many of you know, Reclamation is the largest supplier and manager of water in the 17 Western States, delivering 30 million acre feet of water annually for agricultural, municipal, industrial, and domestic uses. Many of its projects also provide flood control, power, recreation, and fish and wildlife benefits. Facilities developed by Reclamation have contributed to sustained economic growth and an enhanced quality of life. Greater environmental awareness, increased competition for scarce water resources, and fiscal constraints, however, now require improved management of existing facilities and protection of associated natural resources.

When I last appeared before the Subcommittee, we discussed how Reclamation's mission might be changing in response to these and other forces. One thing we hope to accomplish today is leave you with an understanding of how Reclamation's reinvention efforts are proceeding and how these efforts are reflected in the FY 1996 budget. We believe that Reclamation has the resources needed to play a major role in meeting the challenges facing water resource managers in the Western States.

First, I will briefly review the overall FY 1996 budget for the Department, and then touch on highlights of the requests for Reclamation and the Central Utah Project.

HIGHLIGHTS OF THE DEPARTMENT'S 1996 BUDGET

In no other country have people made a greater commitment to the conservation of natural and cultural resources than in the United States. That commitment is reflected in the priority placed by both the President and the Congress on funding for the Department of the Interior -- the Nation's premier conservation agency. The President's FY 1996 budget reflects a continuation of that priority.

The total FY 1996 budget for the Department is $9.77 billion. This includes $7.56 billion in net discretionary budget authority, an increase of 2.9 percent over FY 1995, but only 0.5 percent more than FY 1994. Between FY 1994 and FY 1996, as a result of pay increases and other uncontrollable changes, our cost of doing business will go up by 4.8 percent. The modest increase we have proposed for FY 1996 is targeted to maintaining our core responsibilities in the face of these increasing costs. Together with the redirection of resources from administrative overhead to operating programs that we are achieving through National Performance Review (NPR) efforts, the FY 1996 budget will provide the level of resources necessary to preserve our National Parks, meet the commitment of the Federal Government to Native Americans, and maintain our other land management and science programs.

National Parks - The National Parks are immensely popular with the American public. Visitation to parks and recreation areas continues to grow; estimated FY 1996 park visitation will be 276 million, the equivalent of one visit to a National Park during the year by every American. The budget responds to the extra demands of increased use by proposing an $80 million increase in the park operations account. It also includes a $15 million increase to implement the new Crime legislation with increases for park security and for grants for security measures at local parks; and $67 million for a major effort to replace dilapidated and unsightly trailers with permanent housing and to repair or construct other housing.

Indian Affairs - In 1994, for the first time in history, a sitting President invited all Indian tribal leaders to meet at the White House to promote a truly government-to-government relationship. This was followed by a "listening conference" in which I participated with the Attorney General and other Cabinet Secretaries to hear from tribal leaders. Building on the base of these meetings, the FY 1996 budget for the Bureau of Indian Affairs (BIA) strengthens our commitment to meaningful self-determination. The percentage of BIA operating budget distributed on the basis of priorities established by Tribes at the local level is proposed to increase from 34 percent to 48 percent. Government-wide, funding for Indian programs is increased by $418 million in the FY 1996 Budget, including increases of $163 million for BIA, $98 million for the Indian Health Service, and $157 million for other agencies.

Science Programs - The Department's budget continues to support a strong, independent program of scientific research to provide basic earth science, biological, and minerals data for the Federal Government and the Nation. The Department's earth and biological scientists carry out their work in non-regulatory agencies, enabling them to provide objective input to complex debates without raising questions of motive or influence. The products of these programs are used to make informed decisions about the use of our resources and to protect the health and safety of our citizens. This work would not be done by the private sector. By streamlining and redirecting resources, we have been able to fund our highest priority science programs within the same level as FY 1995.

Partnerships - The FY 1996 budget provides increased funding for a number of partnerships where we have successfully worked with States, local governments, private groups, and other Federal agencies. The Department's request for the President's Forest Plan totals $79 million, an increase of $23 million, while the total request for the five Interior bureaus involved in the restoration of the fragile Everglades ecosystem is $62 million, an increase of $15 million over last year.

A partnership in which Reclamation will play an important role is the agreement signed in December 1994 to protect the aquatic ecosystem of San Francisco Bay and the Sacramento-San Joaquin Delta, while providing greater reliability for urban and agricultural water supplies. The agreement is a major step toward resolving water issues caught in gridlock for more than a decade, and has been endorsed by business, urban, agricultural, and environmental groups. It also creates a three year window for a joint Federal/State effort to find long-term solutions to maintaining economic and environmental uses of the Bay/Delta. Reclamation's request includes funds for a number of programs that will contribute to implementation of the agreement, including $2.5 million for its participation in the effort to find long-term solutions.

Reinvention - The FY 1996 budget reflects the Department's focus on three management approaches -- streamlining, reengineering, and customer service -- to ensuring that the funding the American people provide is used as efficiently and productively as possible. We have been a leader in the Administration's initiative to reinvent Government, and I am particularly pleased with the progress that Reclamation has made in this regard. Dan Beard will give you some details in his opening remarks.

As part of the President's Reinventing Government Initiative, the Department has been conducting a top-to-bottom review of its programs. This includes asking whether program goals could be better accomplished as well or better without Federal involvement; looking for ways to cut costs or improve performance; and identifying ways to put customers first, cut red tape and empower employees. The results of this review will be announced in the near future.

1996 BUREAU OF RECLAMATION BUDGET

Reclamation's total budget authority is estimated to be $842.0 million in FY 1996, including a request for $784.3 million in current budget authority. This request is offset by discretionary receipts, resulting in net discretionary budget authority of $746.8 million, a decrease of $44.8 million from FY 1995. The request reflects BOR's continuing shift in emphasis from water project construction to water resources management. As funding for traditional construction projects is reduced, funds for efforts to improve water conservation, wastewater reclamation/reuse, and environmental protection and restoration will be provided.

One of Reclamation's highest priorities continues to be providing adequate funding for operation and maintenance of its existing facilities. The FY 1996 request for the **Operation and Maintenance Program** is $288.8 million, an increase of $4.5 million over FY 1995. In order to minimize the need for appropriated funds, Reclamation is promoting partnerships with other Federal and non-Federal entities. Reclamation also plans to aggressively pursue opportunities for non-Federal entities to take over operation and maintenance of and, where possible, title to projects.

The FY 1996 request for the **Construction Program** is $375.9 million, a decrease of $56.8 million below FY 1995. The decrease results in large part from reduced funding requirements for projects nearing completion, but also reflects the priorities of Reclamation and the Department in meeting their varied responsibilities. The request provides funds for several large construction projects, including $122.1 million for the Central Arizona Project, and for numerous smaller projects and programs. Within the request, funds are being used to support a number of priority programs. For example, $23.1 million is requested to continue Federal cost-sharing for four wastewater reclamation/reuse projects in California. A program to implement water saving ideas through water conservation partnerships with non-Federal entities is proposed ($9.0 million). Another proposal would redefine the Federal role in Colorado River Basin Salinity Control program with more cost-effective options ($6.0 million). Funds are also requested for several environmental restoration projects, including $15.0 million for Columbia/Snake River Salmon Recovery and $8.5 million for Colorado River Endangered Species Recovery.

The request for the **Loan Program** in FY 1996 is $16.7 million, an increase of $7.1 million over FY 1995. The request includes $11.2 million to continue funding for seven loans and to fund one new loan. The request also contains $5.0 million to fund a revised program that would simplify providing assistance for such public purposes as water conservation, public safety, and fish and wildlife protection.

The FY 1996 budget includes a request for $43.6 million from the **Central Valley Project (CVP) Restoration Fund**. Two thirds of the request ($29.2 million) will be used for habitat restoration, improvement, and acquisition activities. Most of the remaining funds will be used for the recently awarded contract to construct the Shasta Dam Temperature Control Device. The request for **General Administrative Expenses**, the appropriation that finances BOR's central management functions, is $50.3 million, a decrease of $3.7 million from FY 1995.

1996 CENTRAL UTAH PROJECT BUDGET

The Central Utah Project Completion Act provides for completion of the Central Utah Project (CUP) by the Central Utah Water Conservancy District. The Act also establishes the Utah Reclamation Mitigation and Conservation Commission and provides for the Ute Indian Rights Settlement. It also provides that the Secretary may not delegate his responsibilities under the Act to Reclamation. As a result, this request is presented separately.

The FY 1996 budget provides $44.1 million for use by the District, the Commission and the Department to implement Titles II - IV of the Act, an increase of $4.0 million over FY 1995. The request includes $18.9 million for the District to continue construction of the Diamond Fork System; complete preconstruction work on the Spanish Fork Canyon/Nephi Irrigation System; complete planning studies on the Uintah and Upalco Units; and initiate implementation of water conservation projects and groundwater recharge and conjunctive use programs.

The request also provides $18.5 million for use by the Commission for fish, wildlife, and recreation mitigation and conservation projects authorized in Title III of the Act, and for completing other mitigation measures identified in Reclamation planning documents. Finally, the request includes funds for the Federal contribution to the principal of the Utah Reclamation Mitigation and Conservation Account ($5.0 million); for mitigation and conservation projects outside the State of Utah ($0.5 million); and for program administration ($1.2 million).

In addition to the request described above, Reclamation's budget includes $13.6 million to complete certain features of the CUP, and $25.0 million is included in the BIA budget for the Ute Indian Rights Settlement.

* * * * *

In conclusion, I believe we have submitted a good budget that reflects the need to streamline and make Government more efficient, while still meeting the varied, national responsibilities of the Department of the Interior. I look forward to working with you to meet these responsibilities.

This concludes my prepared statement. I will be pleased to answer any questions.

U.S. DEPARTMENT OF THE INTERIOR
MARCH 3, 1849

SECRETARY OF THE INTERIOR
BRUCE BABBITT

Bruce Babbitt was sworn in as 47th Secretary of the Interior on January 22, 1993. Babbitt was Governor of Arizona for nine years, 1978-1987, and Attorney General of Arizona, 1975-1978. In 1988 he was a candidate for the Democratic Party nomination for President.

Born June 27, 1938, Babbitt grew up in Flagstaff, Arizona, where his family pioneered a ranching and trading business in the 1880s. After graduating from the University of Notre Dame, where he was Student Body President, he received a master's degree in geophysics from the University of Newcastle in England which he attended as a Marshall Scholar. He graduated from Harvard Law School in 1965.

Babbitt, who was in the private practice of law at the time of his nomination to be Interior Secretary, also was national president of the non-partisan, non-profit League of Conservation Voters.

In 1978 he served as a member of the Presidential Commission to investigate the nuclear accident at Three Mile Island. He was a founding member of the Democratic Leadership Council and served as chairman of The Democratic Governors Association in 1985. He has been a member of the Advisory Council on Intergovernmental Relations and was a member of the Council on Foreign Relations, and the Grand Canyon Trust.

Described by the **Almanac of American Politics** as one of America's "most original" governors, his advocacy led to passage of a nationally acclaimed state water management code in 1980, and in 1986 of a water quality act described by the **Los Angeles Times** as perhaps "the nation's toughest law to protect underground water."

Babbitt's wife, Harriet, also an attorney, has been appointed Ambassador to the Organization of American States. They have two children, Christopher and T.J.

Mr. MYERS. Mr. Beard, do you have a statement that you would like to make at this time?

MR. BEARD'S OPENING REMARKS

Mr. BEARD. Well, Mr. Chairman, I have submitted my testimony for the record. I think in the interest of time, there is no reason to go through it in detail. I would like to highlight several things, and I hope not to repeat what the Secretary has highlighted. I think it is important for the subcommittee to recognize—and the thing I am most proud of is—that we have submitted a budget which is under last year's funding level.

These are tight budget times and I think that all agencies have to make a contribution, and I am proud that we have. I am equally proud of the fact that we are able, even though we have reduced the budget, to include some new initiatives, some new directions for the Bureau.

WATER CONSERVATION

The Secretary mentioned wastewater reclamation and reuse projects. We are continuing the projects that were initiated last year. We are also requesting funds to initiate a water conservation challenge partnership program. Too often in the past, the Federal Government has come in and said that we have the answer, do it this way.

I would rather rely on local initiative and the good ideas that are out there in local communities and local irrigation districts and water districts, for solutions to problems that are unique to their areas.

I really think this is an important new direction for our program. We have included, in our judgment, sufficient funding to continue the work to implement the Central Valley Project Improvement Act. It was not easy, given these tight budget times. We have also included funds in the amount of $5 million to initiate a new direction for the Small Reclamation Projects Act, Loan Program. We hope to be able to work with the authorizing committee and the Appropriations Committees to enable us to initiate much smaller loans, more quickly with less paperwork.

In many cases, it has taken four or five years to get the paperwork through because of all the hoops that have been set up over the years. We want to strip those down and be able to have a rapid turnaround so that districts can come in and say that they have the following problem. We have a legitimate need for assistance, and they can get a rapid response rather than get dragged out through the process for five years.

COLORADO RIVER SALINITY CONTROL PROGRAM

We have also included a funding request for a new direction in the Salinity Control Program in the Colorado River Basin, and we have nearly doubled our dam safety funding. There are two major projects under way that are very important. One is Twin Buttes Dam in San Angelo, Texas; the other is Ochoco Dam in Oregon. Both are high priorities in terms of resolving those problems, and we want to make sure that they are resolved.

BONNEVILLE POWER ADMNISTRATION

I would also mention that we are continuing our partnership with the Bonneville Power Administration. This is a very important initiative for which we are requesting about $20 million. Bonneville Power and Reclamation are identifying ways in which we can increase the generating capacity and power output of our turbines in the Pacific Northwest. Bonneville Power is funding these directly. It has enabled us to cut the amount of time required to move these projects from the idea stage through to funding, and actually let the contracts, from somewhere near six years down to about six months. So it is a very streamlined process, and I think the taxpayers are getting a major break.

NEW ACCOUNT STRUCTURE

Finally, I would say that with the passage of legislation dealing with changes in Federal financed accounting systems, we are going to be working with your staff to propose a new account structure, which we feel provides us with the ability to be able to respond to recent legislation passed by the Congress.

We have submitted Reclamation's Fiscal Year 1996 budget. We have prepared the budget in both the old account structure and the new account structure, and we intend to work with the staff over the next year or so to make sure that we can meet your needs so that it is intelligible for your purposes. So with that, I would be happy to answer any questions you may have.

[The prepared statement of Mr. Beard follows:]

OPENING STATEMENT
OF
THE HONORABLE DANIEL P. BEARD
COMMISSIONER OF RECLAMATION
BEFORE THE
HOUSE APPROPRIATIONS SUBCOMMITTEE
ON ENERGY AND WATER DEVELOPMENT

MARCH 1, 1995

Mr. Chairman and Members of the Subcommittee, my name is Daniel P. Beard, and I am the Commissioner of Reclamation. I appreciate the opportunity to appear before the Subcommittee this morning to discuss the Bureau of Reclamation's fiscal year 1996 budget request.

The Bureau of Reclamation was established in 1902 to develop and manage water and related resources in the Western United States. Today, Reclamation delivers 30 million acre-feet of irrigation and municipal and industrial water to more than 28 million people, and is the largest wholesaler of water in the United States. Reclamation also operates 52 powerplants generating 48.0 billion kilowatt hours of electrical energy, making it the sixth largest electric power producer in the West.

Although traditionally viewed as a civil works agency, the development stage of Reclamation's mission is nearing completion. Reclamation's focus as an agency is shifting to enhanced water resources management.

Reclamation today is a leaner, more efficient organization than it was just two years ago. We have reduced our work force by 1,524 positions since May 1993, and have adopted a new organizational structure designed to empower front-line employees.

This transformation from a civil works agency into a water resources management agency is still in progress. Yet this change is absolutely necessary in order to respond to the challenges of supplying water to an increasing population while meeting more diverse water needs. Reclamation programs have evolved from emphasizing delivery of irrigation water to include a broad range of other uses, including urban needs, Indian self-sufficiency, fish and wildlife protection, endangered species recovery, environmental restoration, and recreation.

As you know, the President's Fiscal Year (FY) 1996 Budget request for our agency is $804 million. At the same time, as part of the President's Reinventing Government Initiative, all Federal agencies are reexamining their mission. This includes: addressing the mission based on "customer" input; asking whether the mission could be accomplished as well or better without Federal involvement; looking for ways to cut costs or improve performance through competition; and ways to put customers first, cut red tape, and empower employees. We are actively participating in this effort and will be keeping the Subcommittee fully apprised of our review.

Reclamation's FY 1996 Budget request reflects the transition that has already begun in our mission. The total budget is $804 million, or $45 million below the comparable figure for FY 1995. The request for net current budget authority is $747 million, compared to $792 million enacted by Congress for FY 1995.

This budget request is the result of months of deliberation, difficult decisions, and the administrative streamlining necessary in this time of fiscal constraint. Reclamation is placing more emphasis on enhancing and protecting the environment and stretching water resources through water reclamation, reuse, voluntary water transfers, and conservation. Even though the Bureau has moved away from construction of large projects, some construction work remains in order to complete ongoing projects and begin repayment to the Treasury by project beneficiaries.

Reclamation is streamlining its operations and using partnerships to achieve this fundamental change to a water resources management agency. Reclamation is transforming itself from a slow moving construction agency requiring a large Federal budget into an efficient, low-cost problem solver.

STREAMLINING

Reclamation has spent the past 18 months working hard to empower its employees, eliminate unnecessary practices, and make Reclamation an exciting place to work. For example, Reclamation has:

** Obtained shorter delivery time for services by reengineering operations. For example, we have reduced the evaluation time for dam safety checks from 5 to 2 years.

** Reduced its workforce by 19 percent since May 1993, so there are now 1,524 fewer employees.

** Approved "buyout" requests from several hundred employees who will leave over the next two years.

** Restructured 35 project offices into 26 Area Offices. We have also downsized the regional offices and abolished the Denver headquarters concept.

** Eliminated at least two layers of management and implemented a three-fold customer service strategy.

** Abolished seven of the highest positions in the organization, replacing those positions with three positions reporting directly to the Commissioner.

PARTNERSHIPS

Reclamation has formed new partnerships and enhanced existing partnership arrangements in order to carry out its mission more effectively, and at a lower cost to the taxpayers. Examples of these partnerships include:

** Working together with customers to assist in implementing water efficiency improvements; expanding the customer base to include non-irrigation customers such as rural and urban water users, Native Americans, environmentalists, and recreationists; implementing management reforms to reduce the unit cost for the customer and lessen the burden on taxpayers; and establishing customer service standards to ensure customer satisfaction.

** Working with other Federal, State, and local agencies and Indian Tribes to restore and protect native and endangered species and their habitat on: the Columbia and Snake Rivers in the Pacific Northwest; the Colorado River basin; the Platte River basin; and the rivers of California's coast and its Central Valley.

** Forming partnerships with districts or groups of districts serving agricultural and/or municipal and industrial customers.

** Considering Reclamation employees as full partners in the success of the organization. Employees suggested the changes that led to the reinvention of Reclamation. Employees have also prepared a draft alternative budget structure to portray more effectively the programs of Reclamation.

** Developing performance measures consistent with the Government Performance and Results Act of 1993.

** Implementing the Indian Self-Governance program by identifying projects/programs to be operated by Indian Tribes.

** Leveraging Federal dollars by joining with the National Fish and Wildlife Foundation, Trout Unlimited, America Outdoors, Bass Angler Sportsman Society, and other private and public organizations to conserve scarce natural resources.

** Participating in the Corporation for National and Community Service program, known as AmeriCorps, to provide environmental resources training and education.

These streamlining efforts and partnership agreements have allowed Reclamation employees to alter the way we do business, and the way we interact with all of our customers. Through aggressively pursuing these kinds of changes, Reclamation will be able to continue its leadership role in water management at less cost to both the taxpayers and to water users who contract with us.

Now, I would like to focus on certain aspects of Reclamation's FY 1996 Budget request.

Operation and Maintenance

Protection of the infrastructure, the conservation of natural resources, the delivery of water and power benefits, and the collection of revenues remain our highest priorities. The $288.8 million request funds the operation of 36 projects and the administration of 13 associated programs. In FY 1996, several new facilities will be added to the O&M program.

With respect to the operation and maintenance of the Yuma Desalting Plant in Arizona, water storage in the Colorado River is adequate to meet Mexico treaty requirements for salinity levels for the next several years without operating the plant. Reclamation is taking advantage of this opportunity to review the future of the Yuma Desalting Plant. However, funds of $6.3 million are required to maintain the plant in ready reserve status.

Customers of the Bonneville Power Administration will continue to fund, with $19.6 million, major replacements at powerplants on the Boise, Columbia Basin, Hungry Horse, and Minidoka Projects.

Construction Program

The $375.9 million request provides for increased emphasis on resources management and protection, and future project development will be oriented toward non-structural and non-traditional projects serving diverse customers.

Funding of $23 million is requested to continue work on four water reclamation and reuse projects authorized in P.L. 102-575, the Reclamation Projects Authorization and Adjustment Act of 1992. These are the San Gabriel Basin, Los Angeles Area, San Diego Area, and San Jose Projects. Protection and recovery of endangered and native fish species in the Columbia, Snake, and Colorado Rivers will require $23.7 million. Projects in support of Indian self-determination efforts include the Mni Wiconi and Umatilla projects, and several other projects have essential Indian components.

$122 million, or 32 percent of the request, is for the Central Arizona Project (CAP), including $29 million for safety of dams work. Notice of completion was issued to the Central Arizona Water Conservation District (CAWCD), placing Phase 1 of the project into repayment effective October 1, 1993.

Negotiations are underway between the Department and CAWCD on the interpretation of the existing contractual repayment ceiling and on options to cover remaining reimbursable costs. Resolution of these issues is anticipated by June 1995. Of the total amount of $93 million for construction of the CAP, about $25 million is for construction contracts which could be delayed if ongoing negotiations on master repayment contract issues are not concluded in a manner acceptable to the Secretary.

Reclamation's budget request assumes a substantial contribution from the State of California for the Shasta Temperature Control Device (TCD). Installation of the TCD will permit more power generation at Shasta Dam while improving operational flexibility in order to meet temperature requirements for fisheries downstream in the Sacramento River.

The 1992 Central Valley Project Improvement Act (CVPIA) requires that the Department secure a State contribution of 25 percent of the cost of the TCD. The State's share is estimated to be $20 million. The State committed to meeting its obligation by signing the "Central Valley Project Improvement Act, Sharing of Costs Agreement for Mitigation Projects and Improvement," dated June 27, 1994.

Reclamation has awarded a contract for the construction of the TCD and is moving ahead on an aggressive schedule. Reclamation will continue to work with the State to secure an adequate State contribution in FY 1996. In the event agreement is not reached by March 31, 1995, Reclamation's budget will have to be adjusted due to the importance of completing the TCD on schedule within available funds. Currently, Reclamation plans to use $11.3 million from the CVP Restoration Fund in FY 1996 to continue financing the Federal share of the Shasta TCD.

Loan Program

Included in the $16.7 million request is $5.2 million for two ongoing loans. One is for the Schuk Toak District of the Tohono O'odham Nation for development of an on-farm irrigation system. The other is for the Eastern Municipal Water District No. 3 for water reclamation for irrigation and wetlands.

The budget request also includes $6 million to continue five loans initiated in 1995 and to fund one new loan. Reclamation has also requested funding of $5 million for a revised program which would be more narrowly focused and would provide assistance for public benefits such as water conservation, fish and wildlife protection, and public safety.

General Investigations

$13.6 million in funding is requested for 35 ongoing studies and

14 new planning studies. The program promotes strategies to meet future water quality/quantity needs through nonstructural or minor structural solutions. Seven of the new studies concentrate on effective management of water, and at least 20 studies in the program are committed to the preservation or enhancement of fish and wildlife and/or endangered species.

General Administrative Expenses (GAE)

The $50.3 million request is $3.7 million lower than the amount enacted in FY 1995. This request supports: overall program and personnel policy management; equal employment opportunity; safety and health management; budgetary policy formulation; information resources management; procurement, property, and general services policy; public affairs; and organizational and management analysis. Aggressive streamlining efforts continue in these areas.

Central Valley Project Restoration Fund

The $43.6 million program will fund habitat restoration, improvement, and acquisition, as well as specific actions outlined in section 3406 of the CVPIA. FY 1996 also provides for comprehensive and coordinated actions to protect the San Francisco Bay and Delta, while bringing long-term benefits to California's environment and economy. The program is financed by revenues from water and power users, including $37.5 million in additional mitigation and restoration payments, the maximum available under the authority in Sec. 3407(d) of the CVPIA.

A program to acquire additional water supplies to supplement the quantity of water dedicated to fish and wildlife will be continued, requiring $14 million. The CVPIA program of acquiring lands and associated water rights in order to establish wildlife habitat, reduce irrigation drainage problems, or provide additional water supplies to Central Valley refuges and habitat areas will require $6.1 million.

As stated above, Reclamation also plans to use $11.3 million from the CVP Restoration Fund to finance continuation of the Shasta TCD.

Mr. Chairman and Members of the Subcommittee, this concludes my prepared remarks. I would be happy to respond to any questions Members may have concerning the Reclamation program and our FY 1996 Budget request.

BIOGRAPHY OF DANIEL P. BEARD
COMMISSIONER OF THE BUREAU OF RECLAMATION

Daniel P. Beard is the Commissioner of the Bureau of Reclamation in the Department of the Interior. Reclamation, the largest wholesale water supplier and the sixth largest electric power generator in the nation, operates and maintains water storage, water distribution, and electric power generation facilities in the 17 Western States.

Since his confirmation in May 1993, Commissioner Beard has been successful in transforming Reclamation from a dam-building agency to a water resources management agency, emphasizing such new approaches as water conservation, efficiency improvements, and wastewater reclamation and reuse.

During this transition, Commissioner Beard has implemented the principles of President Clinton's National Performance Review (NPR), including streamlining functions, empowering employees, and slashing burdensome regulations in an effort to make government work better and cost less.

"We're going to have fewer people, fewer dollars, and more work, but we'll be more productive than ever," the Commissioner has said. And that's just what he's accomplished, from reducing the workforce by 20% to reducing the budget by $50 million.

Vice President Al Gore has said, "When it comes to examples of reinvention at work, few compare with what is going on in the Bureau of Reclamation, led by Dan Beard. If I didn't have one single other example to point to in all of government--to define reinvention, to encourage others--then Reclamation would be enough."

Secretary of the Interior Bruce Babbitt recently appointed Commissioner Beard Director of the Interior Department's reinvention activities, citing Beard's successful transformation of Reclamation.

Prior to his appointment as Commissioner, Mr. Beard was the Staff Director for the Resources Committee of the U.S. House of Representatives. He has held a variety of positions within the Federal Government since 1970, including conducting research for the Congressional Research Service at the Library of Congress and serving as Special Assistant to Illinois Congressman Sidney R. Yates and Administrative Assistant to Montana Senator Max Baucus.

A native of Bellingham, Washington, Mr. Beard earned a B.A. degree from Western Washington University (1965) and both his M.A. (1969) and Ph.D. (1973) from the University of Washington.

He and his wife, Dana, have three children, Allison, Nicholas, and Peter. They live in Columbia, Maryland.

BIOGRAPHY OF MARY ANN LAWLER

A 29-year veteran of the Department of the Interior, Mary Ann Lawler is Director of Budget for the Department. She assumed that position in July of 1993. The budget of the Department of the Interior is one of the more varied, complex, and interesting in the Federal Government. Its relatively small size belies its complexity. It has over 200 separate appropriation and receipt accounts, more than any department of government. The Department's budget covers a broad spectrum of activities, both to protect the Nation's resources and to ensure equity in their use. These activities include: operations of the National Park Service and the Fish and Wildlife Service; land management responsibilities of the Bureau of Land Management; delivery of quality services to American Indians and Alaska Natives; revenue collection programs of the Minerals Management Service, research, data collection, and scientific activities of the National Biological Survey, the Geological Survey, and the Bureau of Mines; water development and management projects of the Bureau of Reclamation; regulatory and reclamation activities of the Office of Surface Mining Reclamation and Enforcement; and operations of the Office of Territorial and International Affairs. Ms. Lawler is assisted in the oversight of this budget by a remarkable group of very able and dedicated employees.

Ms. Lawler has been in the Office of Budget since 1982, first as an analyst covering the Bureau of Indian Affairs and then as Chief, Division of Budget Operations (A). In that capacity she was responsible for Departmental oversight of the budgets of the Bureau of Land Management, the Office of Surface Mining Reclamation and Enforcement, the Minerals Management Service, the U.S. Geological Survey, the Bureau of Mines, and the Bureau of Indian Affairs.

Ms. Lawler began her Federal career with the Internal Revenue Service. She spent 15 years with the National Park Service, beginning in the Midwest Regional Office in Omaha, Nebraska, and later in Washington in various offices of program planning, policy, and budget. Ms. Lawler began working in the Office of the Secretary in 1980 as a desk officer in the Executive Secretariat. She spent two years as an analyst in the Department's Office of Policy Analysis before transferring to the Office of Budget in 1982. In 1987 Ms. Lawler received the Department's Meritorious Service Award. She has also received an SES Presidential Rank Award.

Ms. Lawler graduated Summa Cum Laude from the University of Maryland, majoring in economics, and has done graduate work in public administration at the University of Southern California. She is a native of Green Bay, Wisconsin. She and her husband have three daughters and one granddaughter.

Mr. MYERS. At this point, we'll put the budget justification material for the Bureau of Reclamation in the record, without objection. We will also insert the budget justifications for the Central Utah Project Completion Act.

[The information follows:]

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUDGET JUSTIFICATIONS, F.Y. 1996

MARCH 3, 1849

BUREAU OF RECLAMATION

NOTICE These budget justifications are prepared for the Energy and Water Development Appropriations Subcommittees Approval for release of the justifications prior to their printing in the public record of the Subcommittee hearings may be obtained through the Office of Budget of the Department of the Interior

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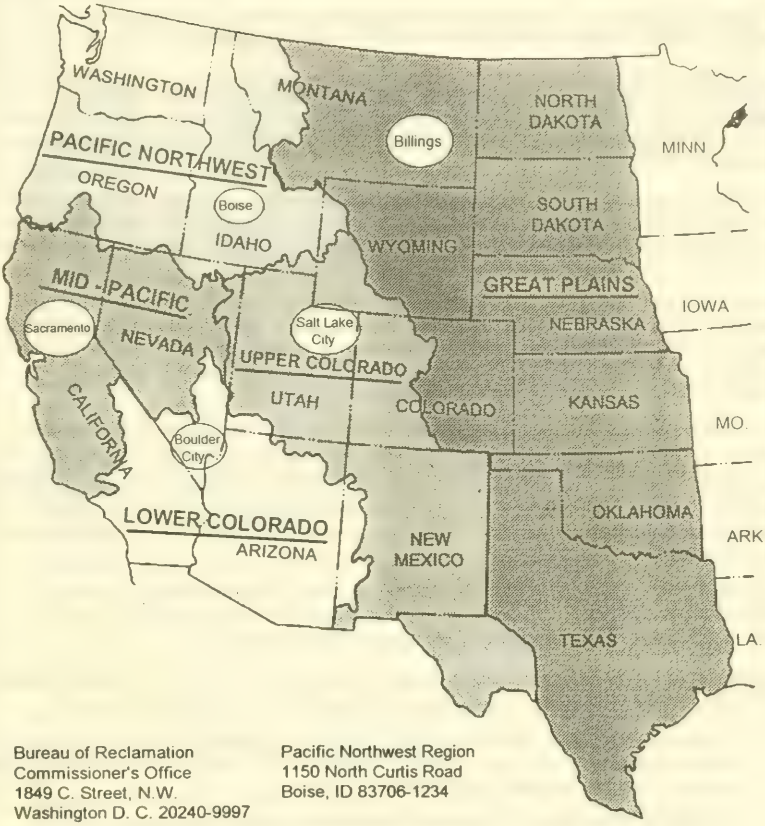

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BUREAU OF RECLAMATION
MAJOR OFFICES AND REGIONAL BOUNDARIES

SUMMARY

The Bureau of Reclamation is an agency of the Department of the Interior, established in 1902, to develop and manage water and related resources in the Western United States.

Reclamation is changing from a civil works agency into a water management agency that is responding to the challenge of supplying water to an increasing and more diverse population. Reclamation programs have evolved from an emphasis on irrigation to include a broad range of other uses -- urban needs, Indian self sufficiency, fish and wildlife protection, endangered species recovery, recreation and environmental restoration.

Reclamation operates 52 powerplants generating 48.0 billion kilowatt hours of electrical energy, and is the nation's sixth largest electric power producer. Reclamation delivers 30 million acre-feet of irrigation and municipal and industrial water to more than 28 million people and is the largest wholesaler of water in the U.S.

The fiscal year 1996 budget request for the Bureau of Reclamation continues its transition to a water resources management agency. The total request is $804 million or $45 million below the comparable figure for FY 1995. Included in this amount is $784 million in current budget authority. The request for current authority is offset by $37.5 million in discretionary receipts in the Central Valley Project Restoration Fund resulting in a net current authority request of $747 million.

The request is the result of months of deliberation, difficult decisions, and administrative streamlining, necessary in this time of fiscal constraint and changing public attitudes. Reclamation is placing more emphasis on enhancing and protecting the environment and stretching water resources to a greater and more diverse number of consumers through water reclamation, reuse, transfers and conservation. Even though the Bureau has moved away from construction of large projects, some construction work remains to be done in order to complete ongoing projects and to begin repayment to the Treasury by project beneficiaries.

Reclamation is using Streamlining and Partnerships to achieve its fundamental change to a water resource management agency. Reclamation is transforming itself from a slow moving construction agency with a large Federal budget into an efficient, low-cost problem solver.

STREAMLINING: Reclamation has spent 18 months working hard to empower its employees, eliminate unnecessary practices, and make Reclamation an exciting place to work. Some examples are:

> Obtained shorter delivery time for services by reengineering operations. Two examples are reducing approval time for construction of fish ladders from 3-4 years to 6 months; and reducing evaluation time for dam safety checks from 5 to 2 years.
>
> Reduced its workforce by 19 percent since May 1993 - 1,524 fewer employees.
>
> Approved Voluntary Separation Incentive Payment requests from another 700 to leave over the next 2 years.
>
> Restructured 35 project offices into 26 Area Offices. Downsized the regional offices and abolished the Denver headquarters concept.
>
> Eliminated at least two layers of management and implemented a threefold customer service strategy.

The Bureau's success is so notable that it recently hosted a reinvention conference for over 300 other Federal agency representatives to share Reclamation's experiences and encouragement.

PARTNERSHIPS: Reclamation formed new partnerships and enhanced existing relationships. Some examples are:

> Working together with its customers to assist in implementing water efficiency improvements; expanding its customer base to include non-irrigation customers including rural and urban water users, Native Americans, environmentalists and recreationists; implementing management reforms to reduce the unit cost for the customer and lessen the burden on taxpayers; and establishing customer service standards to ensure customer satisfaction.
>
> Working with other Federal, State and local agencies to restore and protect native and endangered species and their habitat on the Columbia and Snake Rivers in the Pacific northwest, the Colorado River basin, the Platte River basin, and the rivers of California's coast and its Central Valley.
>
> Forming partnerships with districts or groups of districts serving agricultural and/or municipal and industrial customers.
>
> Considering Reclamation employees as full partners in the success of the organization. Employees suggested the changes that led to the reinvention of Reclamation. Employees have prepared a draft alternative budget structure to better portray the programs of Reclamation.
>
> Initiating the development of performance measures consistent with the Government Performance and Results Act of 1993. A Performance Measures Team has been established and is in the process of developing and recommending performance indicators associated with the proposed new budget structure.
>
> Establishing a Safety of Dams Educational Program at Southern University as part of the university's civil engineering curriculum; and working with BIA to improve conditions on Indian dams.
>
> Implementing the Indian Self-Governance program by identifying projects/programs to be operated by Indian Tribes.
>
> Leveraging Federal dollars by joining with the National Fish and Wildlife Foundation, Trout Unlimited, America Outdoors, Bass Angler Sportsman Society and other private and public organizations to conserve scarce natural resources.
>
> Participating in the Corporation for National and Community Service, AmeriCorps program, to provide environmental resources training and education within the Southern California Urban Water Conservation program.

Highlights of individual appropriations follow:

Operation and Maintenance, $288.8 million request: The protection of the infrastructure, the conservation of natural resources, the delivery of water and power benefits, and the collection of revenues remain our highest priority. The request funds the operation of 36 projects and the administration of 13 associated programs. In FY 1996 several new facilities will be added to the O&M program.

Water storage in the Colorado River is adequate to meet Mexico treaty requirements for salinity levels for the next several years. Reclamation is taking advantage of this opportunity to conduct a review of the future of the Yuma Desalting Plant. Funds of $6.3 million are required to keep the plant in ready reserve status.

The Bonneville Power Administration customers will continue to fund, with $19.6 million, major replacements at powerplants on the Boise, Columbia Basin, Hungry Horse, and Minidoka Projects.

Construction Program, $375.9 million request: The request provides for increased emphasis on resources management and protection, and future project development will be oriented towards nonstructural and nontraditional projects serving diverse customers.

Funding of $23 million is requested to continue work on four water reclamation and reuse projects authorized in P.L. 102-575: the San Gabriel, Los Angeles, San Diego, and San Jose Projects. Protection and recovery of endangered and native fish species in the Columbia, Snake, and Colorado Rivers will require $23.7 million. Projects in support of Indian self-determination efforts include the Mni Wiconi and Umatilla projects, and several other projects have essential Indian components.

$122 million or 32 percent of the request is for the Central Arizona Project (CAP) including $29 million for safety of dams work. Notice of completion was issued to the Central Arizona Water Conservancy District (CAWCD) placing Phase 1 of the project into repayment, effective October 1, 1993. Negotiations are underway between the Department and CAWCD on the interpretation of the existing repayment ceiling and options to cover remaining reimbursable costs. Resolution of these issues is anticipated by June 1995. Of the total amount of $93 million for construction of the CAP, about $25 million is for construction contracts which could be delayed if ongoing negotiations on master repayment contract issues are not concluded in a manner acceptable to the Secretary.

Reclamation's request assumes a substantial contribution from the State of California for the Shasta Temperature Control Device (TCD). Installation of the TCD will permit power generation at Shasta Dam while improving flexibility to meet temperature requirements for fisheries in the Sacramento River downstream.

The 1992 Central Valley Project Improvement Act requires that the Department secure a State contribution of 25 percent of the cost of the TCD. The State's share is estimated to be $20 million. The State has made a commitment to meet the obligation by signing the "Central Valley Project Improvement Act, Sharing of Costs Agreement for Mitigation Projects and Improvement" dated June 27, 1994. Reclamation has awarded a contract for the construction of the TCD and is moving ahead on an aggressive schedule. Reclamation will continue to work with the State to secure an adequate State contribution in FY 1996. In the event agreement is not reached by March 31, 1995, Reclamation's budget will have to be adjusted.

Loan Program, $16.7 million request: Included in the request is funding of $5.2 million for two ongoing loans. One is for the Schuk Toak District of the Tohono O'odham Nation for development of an on-farm irrigation system. The other is for the Eastern Municipal Water District No. 3 for water reclamation for irrigation and wetlands. Also included is $6 million to continue five new loans initiated in 1995 and to fund one new loan. Reclamation is also requesting funding of $5 million for a new program - one which would replace the existing loan program with a revised program which would be more narrowly focused and provide assistance for public benefits such as water conservation, fish and wildlife protection, and public safety.

Emergency Fund, no request: Because of the amount of prior year funds available, no funding is requested in FY 1996.

General Investigations, $13.6 million: Funding is requested for 35 ongoing studies and 14 new planning studies. The program promotes those studies which will result in strategies to meet future water quality/quantity needs through nonstructural or minor structural solutions. Seven of the new studies concentrate on effective management of water, and at least 20 studies in the program are committed to the preservation or enhancement of fish and wildlife and/or endangered species.

General Administrative Expenses (GAE), $50.3 million: The request funds overall program and personnel policy management; equal employment opportunity; safety and health management; budgetary policy formulation; information resources management; procurement, property, and general services policy; public affairs; and organizational and management analysis. Aggressive streamlining efforts continue in these areas.

Central Valley Project Restoration Fund, $43.6 million: The amount programmed for FY 1996 provides for a comprehensive and coordinated package of actions to protect the San Francisco Bay and Delta, while bringing long-term benefits to California's environment and economy.

A program to acquire additional water supplies to supplement the quantity of water dedicated to fish and wildlife will be continued, requiring $14 million. The Central Valley Project Improvement Act (CVPIA) program of acquiring lands and associated water rights in order to establish wildlife habitat, reduce irrigation drainage problems or provide additional water supplies to Central Valley refuges and habitat areas, will require $6.1 million.

Interior also plans to use $11.3 million from the CVP Restoration Fund to finance continuation of the Shasta TCD.

SUMMARY BY ACCOUNT
BUDGET AUTHORITY (BA) TABLE – FY 1994–1996
(S IN THOUSANDS)

	FY 1994 Enacted	FY 1995 Enacted	FY 1996 Request
Operation and Maintenance	282,898	284,300	288,759
Construction Program	434,423	432,727	375,943
Emergency Fund	1,000	1,000	0
Loan Program Account	13,500	9,600	16,668
General Investigations	13,819	14,190	13,602
General Administrative Expenses	54,034	54,034	50,327
Central Valley Project Restoration Fund	29,752	45,276	43,579
Working Capital Fund	0	(2,711)	0
CRDF Transfer to WAPA	(8,168)	(7,472)	(4,556)
GROSS CURRENT AUTHORITY	821,258	830,944	784,322
CVP Restoration Fund Offset	(18,692)	(39,385)	(37,538)
NET CURRENT AUTHORITY	802,566	791,559	746,784
Trust Funds	9,563	27,391	19,022
Miscellaneous Permanents	238	280	280
Upper and Lower Basin Funds (Net)	(7,919)	(5,459)	(5,033)
Loan Liquidating Account	0	(3,094)	(3,666)
Colorado River Dam Fund (CRDF)	50,775	39,188	47,042
NET PERMANENT AUTHORITY	52,657	58,306	57,645
GRAND TOTAL	855,223	849,865	804,429

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Operation and Maintenance

Description

The Operation and Maintenance (O&M) Program provides funding for efficient and effective operation of water and power facilities to provide project benefits. Many of Reclamation's resource management and protection activities also are funded through the O&M Program. Reclamation focuses on improving operations to provide added value and greater benefits from existing projects to help meet increasing multiple water use demands and environmental needs.

The maintenance program ensures the reliability and operational readiness of 348 storage reservoirs and 254 diversion dams; thousands of miles of canals, water distribution systems, and drains; 52 powerplants; and recreation facilities so that the value of the public investment is maintained. The O&M program also provides for the management and protection of the waters, lands, and other natural resources associated with Reclamation developments.

Reclamation continues to place a high priority on the Operation and Maintenance Program. The FY 1996 request of $288,759,000 is an increase of $4,459,000 over the FY 1995 appropriation.

FY 1996 Program Appropriation Financed Projects and Programs

The request includes $240,602,000 for operation and maintenance of specific projects. The funds will provide for basic operation of facilities and will allow Reclamation to perform those critical maintenance tasks that are required to achieve a reliable continuation of services. Funds also will be directed toward maintenance tasks that are necessary for a sound and cost effective preventive maintenance program.

First-year funding is required for operation of the remaining brine injection facilities of the Paradox Valley Unit, Colorado River Basin Salinity Control Project, and for operation of additional water exchange facilities of the Umatilla Project. Also, additional water delivery systems on the Mni Wiconi Project will be transferred to operation and maintenance status.

The budget request also provides $48,157,000 for the associated O&M programs for activities that benefit multiple projects or are required where there is no specific project to fund these activities.

Program Highlights

Fish and Wildlife

The Central Valley Project programmatic environmental impact statement required by Public Law 102-575 will substantially be complete by the end of FY 1995. Activities in FY 1996 include finalizing and printing the report.

Funding for operation of the Coleman National Fish Hatchery, California, and the Leavenworth, Entiat, and Winthrop National Fish Hatchery Complex, Washington, for mitigating impacts of the Grand Coulee Dam on anadromous fish is included. Biological work and payment for fish losses at the Tracy Fish Collecting Facilities will continue, as will monitoring activities at Kesterson Reservoir.

A 5-year study of the threatened Bluntnose Shiner in the Pecos River will be completed in FY 1996, and studies on seven threatened and endangered species on the Missouri and Yellowtail Rivers will be funded. The Lake Havasu fishery improvements to enhance habitat and increase endangered fish populations will continue.

Activities that include managing natural, restored, and artificially designed fish and wildlife habitats and evaluating impacts of existing project operations on wetlands and endangered species habitat are underway.

Native American Concerns

Assistance to Native Americans is provided by delivering water to the Ak-Chin Indian Community, Arizona. The Garrison municipal, rural, and industrial water systems will provide rural water to the Standing Rock, Fort Berthold, and Fort Totten Indian Reservations, North Dakota. The Mni Wiconi Project will provide for the operation of newly constructed and all existing water systems that deliver municipal, rural, and industrial water to the Pine Ridge Indian Reservation, South Dakota.

Energy Conservation

The FY 1996 O&M program includes $801,000 for energy conserving measures in Reclamation buildings. This amount is for conducting technical energy surveys and completion of energy retrofit measures such as improved insulation and improvement or replacement of heating, ventilating, and air conditioning systems. The efforts are in support of and in accordance with the National Energy Conservation Policy Act and Executive Order 12759. The FY 1996 program also includes $378,500 for procurement of energy efficient goods and services and $249,000 for alternative fueled vehicles.

Water Conservation

Coordination of water management and conservation efforts with water users and other non-Federal agencies is included in the FY 1996 request, including water conservation centers, public education, and training, as well as studies of various methods of water conservation and optimization of existing resources.

Funding of conservation partnerships will allow research and development by Reclamation, other Federal agencies, universities, water districts, and private industry. In addition, partnerships will help fund improvements to urban water use practices. Participation in the Corporation for National and Community Service, AmeriCorps, provides environmental resources training and education within the Southern California Urban Water Conservation program.

Water Quality

Water quality is enhanced by operation of the Colorado River Basin Salinity Control Project, Title II, and by various salinity control activities on the Rio Grande. Storage in the Colorado River is adequate to meet Mexico treaty requirements for salinity; therefore, funding is not proposed for operating the Yuma Desalting Plant, Yuma Area Projects. Funds of $6.3 million, however, are required to maintain the plant in ready reserve status.

Resource Management Plans

The request reflects additional emphasis on Resource Management Plans in FY 1996. The plans are designed to improve the management of project lands and water and protect the environment. In addition to the ongoing Resource Management Plans, several are scheduled to begin in FY 1996. A number have been completed, including the Resource Management Plan at Lake Berryessa, Solano Project.

Bonneville Power Administration Funding

It is anticipated that $19.6 million will be advanced by the Bonneville Power Administration for major replacements at powerplants on the Boise, Columbia Basin, Hungry Horse, and Minidoka Projects.

The following table shows the anticipated funding by project for FY 1995 and FY 1996:

Estimate of Funds For Major Replacements
From Bonneville Power Administration

Projects	FY 1995	FY 1996
Boise Area	$410,000	$ 2,260,000
Columbia Basin	8,250,000	5,805,000
Hungry Horse	3,630,000	3,830,000
Minidoka Area	11,260,000	7,740,000
Total	$23,550,000	$19,635,000

Priorities and Commitments

Reclamation continues to use the Bureau-wide O&M priority system in formulating the O&M budget. The goal is to achieve a sustainable level of operation and maintenance of project facilities, and at the same time, emphasize innovative nonstructural programs such as water conservation.

In formulating the FY 1996 budget, four areas were given special emphasis. Teams of technical experts were established to propose funding for Life Safety Code deficiencies, resource management plans, access for persons with disabilities, and Native American Graves Protection and Repatriation Act activities.

Other Funding

In addition to the O&M Program funded through appropriations, the Program includes applied revenues of $87,326,000 for O&M of the Central Arizona Project and $46,258,000 for interest on the investment, Lower Colorado River Basin Development Fund, as well as $30,358,000 for O&M of the Colorado River Storage Project; $41,547,000 from Permanent Appropriations, including $29,447,000 for O&M of the Boulder Canyon Project; $26,193,000 advanced by other Federal agencies, including those from the Bonneville Power Administration mentioned above; and $14,467,000 from non-Federal entities for O&M of facilities for which they are responsible.

Revenue Financed Programs

Lower Colorado River Basin Development Fund
Upper Colorado River Basin Fund

Operation, maintenance, and replacement programs on the Colorado River Basin Project (Central Arizona Project) and four initial units and four participating projects of the Colorado River Storage Project are funded from revenue collections which are available without further appropriation.

Section 403 of the Colorado River Basin Project Act, Public Law 90-537, provides that all revenues from operation of the project shall be credited to the Lower Colorado River Basin Development Fund and be available without further appropriation to defray the costs of operation, maintenance, replacements, and emergency expenditures of the project.

Section 5(c) of the Colorado River Storage Project Act, Public Law 84-485, provides that all revenues collected from operation of the Colorado River Storage Project and participating projects shall be credited to the Upper Colorado River Basin Fund and shall be available without further appropriation for defraying the costs of operation, maintenance, replacements, and emergency expenditures for facilities of the project and participating projects.

Permanent Appropriation Financed Program

Colorado River Dam Fund

With passage of the Hoover Power Plant Act of 1984, a Permanent Appropriation was created to finance operation, maintenance, and replacement costs of the Boulder Canyon Project. Section 104(a) of the Act provides that all revenues from operation of the project shall be credited to the Colorado River Dam Fund and shall be available without further appropriation to defray the costs of operation, maintenance, replacements, and emergency expenditures for facilities of the project and for other purposes.

Summarized Financial Data

Operation & Maintenance	Enacted FY 1995	Request FY 1996
Appropriation	$284,300,000	$288,759,000
Application of prior year funds	4,361,950	-0-
Funds advanced by water users	9,655,000	13,333,000
Funds advanced by states, municipalities, and by other Non-Federal agencies	1,035,000	1,039,000
Funds advanced by other Federal agencies	29,309,000	26,193,000
Applied operating revenues (UCRBF and LCRBDF) 1/	166,857,426	163,942,000
Funds advanced by water users (operating revenues)	105,000	95,000
Permanent appropriations (CRDF) 2/	31,716,000	41,547,000
Application of nonappropriated prior year funds	8,872,697	-0-
Total obligations	$536,212,073	$534,908,000
Non-Federal participation - services	11,000	28,000
Total program	$536,223,073	$534,936,000

1/ Upper Colorado River Basin Fund and Lower Colorado River Basin Development Fund.

2/ Colorado River Dam Fund.

BUREAU OF RECLAMATION
OPERATION AND MAINTENANCE

Detail of Funding FY 1995 and FY 1996
(in thousands of dollars)

Project/Program	Fiscal Year 1995 New Budget Authority	Fiscal Year 1995 Prior Year Funds Applied	Fiscal Year 1995 Non-Fed. Contri-bution	Fiscal Year 1995 Other Federal Agencies	Fiscal Year 1995 Total Program	Fiscal Year 1996 New Budget Authority	Fiscal Year 1996 Non-Fed. Contri-bution	Fiscal Year 1996 Other Federal Agencies	Fiscal Year 1996 Total Program
Projects									
Boise Area	3,841	200	725	410	5,176	4,378	694	2,260	7,332
Cachuma	239	111	0	0	350	716	0	0	716
Carlsbad	755	467	17	0	1,239	1,355	16	0	1,371
Central Valley									
American River Division	6,434	0	0	0	6,434	4,460	0	0	4,460
Delta Division	9,669	0	0	0	9,669	9,119	0	0	9,119
East Side Division	1,776	0	0	0	1,776	1,842	0	0	1,842
Friant Division	9,081	0	0	0	9,081	9,129	0	0	9,129
Project General	8,579	0	0	0	8,579	9,052	0	0	9,052
Sacramento River Division	2,950	0	0	0	2,950	2,959	0	0	2,959
San Luis Unit	9,307	0	0	0	9,307	8,293	0	0	8,293
Shasta Division	6,653	0	0	0	6,653	7,618	0	0	7,618
Trinity River Division	5,554	0	0	0	5,554	4,630	0	0	4,630
Water and Power Operations	3,809	0	0	0	3,809	2,579	0	0	2,579
Subtotal - CVP	63,812	0	0	0	63,812	59,681	0	0	59,681
Central Valley Improvement Act	6,692	0	0	0	6,692	8,058	0	0	8,058
Collbran	1,426	146	0	0	1,572	756	0	0	756
Colo River Basin Salinity Control:									
Grand Valley Unit	432	370	0	0	802	733	0	0	733
Lower Gunnison Basin Unit	416	27	0	0	443	432	0	0	432
Paradox Valley Unit	859	85	0	0	944	2,850	0	0	2,850
Columbia Basin	41,202	0	1,700	8,250	51,152	38,061	1,700	5,805	45,566
Crooked River	172	52	0	0	224	207	0	0	207
Deschutes	78	70	0	0	148	84	0	0	84
Dolores (CRSPP)	492	0	0	0	492	511	0	0	511
Eastern Colorado	12,301	0	598	0	12,899	11,594	602	0	12,196
Great Plains Area	27,283	132	433	130	27,978	30,087	461	130	30,678
Hungry Horse	1,890	19	0	3,630	5,539	2,118	0	3,830	5,948
Indian Water Rights Settlement 1/	5,900	10	0	4,250	10,160	6,391	0	4,950	11,341
Klamath	771	253	135	0	1,159	2,609	135	0	2,744
Middle Rio Grande	10,476	0	1,495	0	11,971	8,580	1,264	0	9,844
Milk River	281	0	513	0	794	206	513	0	719
Minidoka Area	10,447	0	1,032	11,260	22,739	8,802	1,436	7,740	17,978
Mni Wiconi	492	0	0	0	492	2,404	0	0	2,404
Oklahoma/Texas Area	1,151	0	0	0	1,151	2,306	0	0	2,306
Orland	578	0	0	0	578	601	0	0	601
Parker-Davis	3,486	0	1,187	0	4,673	4,101	1,282	0	5,383
Pecos River Basin Water Salvage	351	18	75	0	444	386	100	0	486
Provo River	384	11	0	0	395	210	0	0	210
Rapid Valley	0	0	58	0	58	0	53	0	53
Rio Grande	2,654	382	306	0	3,342	2,935	332	0	3,267
Rogue River Basin, Talent Division	392	50	0	0	442	438	0	0	438
San Juan-Chama	387	0	1,171	0	1,558	327	1,046	0	1,373
San Luis Valley.									
Closed Basin Division	4,031	48	0	0	4,079	3,195	0	0	3,195
Conejos Division	26	26	10	0	62	2	8	0	10
Solano	1,827	0	0	0	1,827	2,172	0	0	2,172
Tualatin	68	0	101	0	169	81	121	0	202
Umatilla	467	0	64	454	985	705	63	585	1,353
Upper Colorado Area	1,347	1	0	0	1,348	2,336	0	0	2,336
Washoe	1,632	0	0	0	1,632	1,548	0	0	1,548
Wayne N. Aspinall Unit, CRSP	348	8	0	0	356	0	0	0	0
Yakima	6,758	101	965	925	8,749	7,314	1,331	893	9,538
Yuma Area	23,084	4	50	0	23,138	21,332	3,000	0	24,332
Subtotal - Projects	239,228	2,591	10,635	29,309	281,763	240,602	14,157	26,193	280,952
ASSOCIATED O&M PROGRAM									
Dept. Irrigation Drainage Program	4,543	423	0	0	4,966	4,278	0	0	4,278
Drought Contingency Plannings	0	132	0	0	132	0	0	0	0
Environmental Program Admin	999	18	0	0	1,017	1,816	0	0	1,816
Examination of Existing Structures	1,557	89	0	0	1,646	2,458	150	0	2,608
Land Resources Management	7,277	131	19	0	7,427	7,222	19	0	7,241

Project/Program	Fiscal Year 1995					Fiscal Year 1996			
	New Budget Authority	Prior Year Funds Applied	Non-Fed. Contribution	Other Federal Agencies	Total Program	New Budget Authority	Non-Fed. Contribution	Other Federal Agencies	Total Program
Miscellaneous Flood Control	1,086	20	0	0	987	651	0	0	243
O&M Program Mgmt Development	987	0	0	0	987	243	0	0	243
Power Program Services	379	55	0	0	434	375	0	0	375
Public Access and Safety Program	1,490	44	0	0	1,534	937	0	0	937
Reclamation Law Administration	6,933	62	36	0	7,031	5,537	36	0	5,573
Rec and F&WL Program Administration	3 985	70	0	0	4,055	4 679	0	0	4,679
Safety Evaluation of Existing Dams	9,111	9	0	0	9,120	7,690	0	0	7,690
Soil and Moisture Conservation	499	0	0	0	499	249	0	0	249
Water Management and Conservation	6,226	718	0	0	6,944	12,022	10	0	12,032
Subtotal - Assoc O&M Programs	45,072	1,771	55	0	46,898	48,157	215	0	48,372
TOTAL APPROPRIATED O&M	284,300	4,362	10,690	29 309	328,661	288,759	14,372	26,193	329,324
LOWER COLORADO RIVER BASIN DEVELOPMENT FUND,									
Colorado River Basin Project	0	0	87,268	0	87,258	0	87,326	0	87,326
Interest Payment	0	0	46 357	0	46,357	0	46,258	0	46,258
Subtotal - LCRBDF	0	0	133,625	0	133,625	0	133,584	0	133,584
UPPER COLORADO RIVER BASIN FUND:									
Consumptive Use Studies	0	0	250	0	250	0	250	0	250
Dolores	0	0	301	0	301	0	422	0	422
Emergency Funds	0	0	500	0	500	0	500	0	500
Initial Units	0	3,709	31,016	0	34,725	0	28,114	0	28 114
Participating Units	0	3,013	0	0	3,013	0	0	0	0
Quality of Water Studies	0	0	250	0	250	0	250	0	250
Safety Evaluation of Existing Dams	0	0	300	0	300	0	300	0	300
Seedskadee	0	0	720	0	720	0	617	0	617
Subtotal - UCRBF	0	6,722	33,337 2/	0	40,059 2/	0	30,453 2/	0	30,453 2/
PERMANENT APPROPRIATION.									
Colorado River Dam Fund									
Boulder Canyon	27,480	2,151	0	0	29,631	29,447	0	0	29,447
Interest Payment	3,636	0	0	0	3,636	11,500	0	0	11,500
Payment to States	600	0	0	0	600	600	0	0	600
Subtotal - CRDF	31,716	2,151	0	0	33,867	41,547	0	0	41,547
TOTAL O&M PROGRAM	316,016	13,235	177,652 3/	29,309	536,212	330,306	178,409 3/	26,193	534,908

1/ The other Federal contribution in the Indian Water Right Settlement Project is the interest on the cooperative funds authorized under Title III, Southern Arizona Water Rights Settlement Act, P. L. 97-293, dated October 1982.

2/ Includes $33,232,426 in revenues and $105,000 in water user advances in FY 1995 and $30 358,000 in revenues and $95,000 in water user advances in FY 1996

3/ Does not include in-kind services of $11,000 in FY 1995 and $28,000 in FY 1996

OPERATION AND MAINTENANCE APPROPRIATION FINANCED PROGRAMS

(Projects)

Boise Area Projects

Idaho, Oregon

Location	The projects are located in southwestern Idaho and in eastern Oregon.
Description	The projects provide irrigation water for about 377,000 acres and hydropower, flood control, recreation, and fish and wildlife benefits. The projects consist of four storage dams and reservoirs, two diversion dams, recreation areas at three reservoirs, and three powerplants with a combined generating capacity of 51,500 kilowatts and average generation of about 210,000,000 kilowatt-hours. Canals, water distribution systems, and other storage facilities are operated and maintained by the water users.
Work continuing	The request includes $4,188,000 for continuing the operation and maintenance functions of the projects including expenses such as personnel costs, materials and supplies, and management of recreation areas. This amount includes $35,000 for various continuing replacements, additions, and extraordinary maintenance items.
Work starting in FY 1996	The request includes $20,000 for life safety modifications at Anderson Ranch Powerplant and Arrowrock Dam and $10,000 for emergency generator at Anderson Ranch Powerplant. In addition, $40,000 is requested for extraordinary maintenance for replacing the valve control piping at Arrowrock Dam. The request also includes $120,000 for initiating a resource management plan which will include all of the resources in and around Black Canyon Reservoir and the area below the dam.
Changes from FY 1995	The increase is primarily due to new work starting in FY 1996, stronger emphasis on resource management, and increased recreation management activities.

Summarized Financial Data

FY 1995 program	$3,841,000*	FY 1996 request	$4,378,000*

* Excludes $410,000 in FY 1995 and $2,260,000 in FY 1996 for Bonneville Power Administration funding for repair/rebuild of the three turbine generators at Boise Diversion Dam Powerplant.

Cachuma Project
California

Location This project is located in southern California.

Description The Cachuma Project facilities consist of five storage dams and reservoirs, two tunnels totalling 7.5 miles, 24.3 miles of conduit, and various distribution systems. The project provides supplemental irrigation water to approximately 38,000 acres and a supply of municipal water to the city of Santa Barbara and other urban areas located in Santa Barbara County on the southern slope of the Santa Ynez Mountains. Project facilities also are operated to provide recreation benefits. Bradbury Dam and Reservoir are operated and maintained by Reclamation. Operation and maintenance of all other project facilities are performed by the water users.

Work continuing The request includes $700,000 of which $312,000 is for the routine operation and maintenance function at Bradbury Dam and Reservoir which includes personnel costs, materials and supplies, minor contracts, and other related activities. An amount of $388,000 is included for resource management activities which began in FY 1994, including land management reviews, compliance with environmental laws and policies, erosion control and habitat improvement.

Work starting FY 1996 The request also includes $16,000 to rehabilitate the spillway gates at Bradbury Dam.

Changes from FY 1995 The change includes an increase for routine operation and maintenance activities to provide a more adequate level of funding for aging facilities. Also included are increases for critical resource management issues involving the Fish and Wildlife Coordination Act; NEPA and ESA activities, which include Section 7 consultations; meeting the requirements of the resulting biological opinion; and implementing endangered species recovery plans. The change also reflects an increase for negotiation and renewal of water service contracts and responding to lawsuits involving endangered and threatened species and water rights issues in the Santa Ynez River. In addition, increases are included for habitat improvement, erosion control, and negotiation and administration of recreation, fish and wildlife, and concession agreements.

Summarized Financial Data

FY 1995 program	$239,000	FY 1996 request	$716,000

Carlsbad Project

New Mexico

Location

This project is located in southeastern New Mexico.

Description

The program consists of facilities associated with Sumner Dam and Lake Sumner, Brantley Dam and Reservoir, Avalon Dam and Reservoir, and a 210-mile distribution and drainage system to irrigate 25,055 acres in the Carlsbad Irrigation District. The above facilities provide irrigation, flood control, and recreation benefits. Reclamation reimburses the water users for the nonreimbursable portions of operation and maintenance (O&M) of multipurpose facilities.

Work continuing

The request of $1,355,000 includes $447,000 for continuing O&M activities such as personnel costs, supplies and materials, and miscellaneous equipment replacements. In addition, the request includes $347,000 for contract completion of a 5-year study of the threatened Bluntnose Shiner fish; and $226,000 for continuation of the Brantley wildlife O&M contract with the State of New Mexico Department of Game and Fish. Also, funds of $176,000 to reimburse the Carlsbad Irrigation District for operating the nonreimbursable portion of the dams; $68,000 for continued public access and safety activities, including a review of all Federal facilities for public access and alterations to comply with deficiencies cited in the previous review are included. Additionally, funds of $43,000 for continued land management activities for oil and gas leases, grazing leases, and boundary monitoring; $33,000 for continuing flood control activities such as O&M of the Pecos River Basin data collection platforms; and $15,000 for continuation of the contract with the U.S. Geological Survey for water measurement are included.

Changes from FY 1995

The increase includes the funds for completing the five-year Bluntnose Shiner study, which began in FY 1992. (There was no funding for the study in FY 1995.) In addition, requirements for costs associated with O&M of Sumner Dam and Lake and Brantley Dam and Reservoir have increased.

Summarized Financial Data

FY 1995 program	$755,000	FY 1996 request	$1,355,000

Central Valley Project
American River Division
California

Location

This project is located in the east-central part of the Sacramento-San Joaquin Valley in El Dorado, Placer, Sacramento, and San Joaquin Counties, California.

Description

The American River Division facilities include three storage dams and reservoirs, two hydroelectric powerplants, one pumping plant, one fish hatchery and 26.7 miles of canal. The project benefits include irrigation, municipal and industrial water, power, flood control, water quality, recreation and fish and wildlife protection and enhancement.

Work continuing

The request includes $2,980,000 to continue operation and maintenance (O&M) activities. Included is $2,034,000 to operate and maintain multipurpose facilities which provide water storage and supply, power generation, flood control, and water quality control. Continuing resource management includes public land management, recreation, and fish and wildlife activities. Also included is $946,000 for O&M of the Nimbus Fish Hatchery under a cooperative agreement with the State of California.

Work starting in FY 1996

The request also provides $1,480,000 for work beginning in FY 1996 which includes $1,100,000 for phase 4 modifications to the Nimbus Fish Hatchery and $380,000 for life safety code corrections at Folsom Dam and Powerplant.

Changes from FY 1995

The change includes decreases in operation and maintenance costs and the hazardous materials management program, partially offset by increases for phase 4 modifications to the Nimbus Fish Hatchery and for life safety code corrections at Folsom Dam and Powerplant.

Summarized Financial Data

FY 1995 program	$6,434,000	FY 1996 request	$4,460,000

Central Valley Project
Delta Division
California

Location

The Delta Division is located in Alameda, Contra Costa, Fresno, Merced, Sacramento, and Stanislaus Counties in central California.

Description

The Delta Division facilities include 164.4 miles of canal, one pumping plant and switchyard, and the Tracy fish collecting facilities. The Delta Division provides supplemental irrigation service to 181,582 acres, full irrigation service to 45,648 acres, and a municipal and industrial water supply of 100,104 acre-feet. The division also provides fish and wildlife, flood control, navigation, recreation, and water quality benefits.

Work continuing

The request provides $9,119,000 to continue operation and maintenance (O&M) activities. Included is $7,560,000 to operate and maintain multipurpose facilities which provide for the transport of water through the central portion of the Central Valley including the Sacramento-San Joaquin Delta. Continuing resource management activities include recreation, land management and fish and wildlife activities including the Tracy Fish collecting facility. The request also includes $870,000 for payment to the State of California for fish losses at the Tracy Fish Collecting Facility, $550,000 for mitigation activities at the Tracy Pumping Plant, and $139,000 for the hazardous materials management program.

Changes from FY 1995

The changes include decreases in payments to the State of California for fish losses at the Tracy Pumping Plant. The payments decreased based on discussions with the State regarding specific tasks to be accomplished in FY 1996. There also were decreases in replacement, addition, and extraordinary maintenance items, and in the hazardous materials management program. The decreases are partially offset by increases in routine operation and maintenance activities and mitigation activities at the Tracy Pumping Plant.

Summarized Financial Data

FY 1995 program	$9,669,000	FY 1996 request	$9,119,000

Central Valley Project
East Side Division
California

Location

The East Side Division is located in Alpine, Calaveras, San Joaquin, Stanislaus, and Tuolumne Counties, California.

Description

The East Side Division facilities include New Melones Dam, Lake, and Powerplant. The lake has a capacity of 2.4 million acre-feet. The two-unit powerplant has an installed capacity of 300 megawatts and produces approximately 455 million kilowatt-hours of energy annually. This division also provides flood control, irrigation, municipal and industrial water supply, fishery enhancement, water quality improvement, and recreation. Irrigation and storage facilities have been developed on the Stanislaus River both upstream and downstream of New Melones Dam.

Work continuing

The request provides $1,579,000 for continued operation and maintenance of multipurpose facilities. Also included is $235,000 for continuing resource management activities for recreation, land management, and water rights.

Work starting in FY 1996

The request provides $28,000 for modifications to restrooms at the New Melones recreation areas for access for persons with disabilities.

Changes from FY 1995

The change includes increases for routine operation and maintenance and ongoing resource management activities.

Summarized Financial Data

FY 1995 program	$1,776,000	FY 1996 request	$1,842,000

Central Valley Project
Friant Division
California

Location

The Friant Division is located in Fresno, Kern, Madera, and Tulare Counties, California.

Description

The main facilities of the Friant Division are one storage dam and reservoir and 187 miles of canal. The division provides for storage for irrigation and transportation of surplus northern California water through the southern part of the semiarid Central Valley. The division also provides groundwater overdraft, flood control, and municipal and industrial benefits.

Work continuing

The request provides $5,729,000 to continue operation and maintenance (O&M) activities. Included is $5,325,000 to operate and maintain multipurpose facilities. Also included is $404,000 for environmental compliance related to water service contract renewals and for the hazardous materials management program.

Work starting in FY 1996

The request also provides $3,400,000 for repairs to the drum gates on Friant Dam.

Changes from FY 1995

The change includes an increase to repair the drum gates on Friant Dam partially offset by decreases in O&M costs, environmental compliance activities, and the hazardous materials management program.

Summarized Financial Data

FY 1995 program	$9,081,000	FY 1996 request	$9,129,000

Central Valley Project

Project General
California

Location

This program encompasses the entire Central Valley of California. The boundary extends from the Cascade Range in the north to the fertile plains along the Kern River in the South.

Description

Project General includes the administration and coordination of activities that have a scope that extends beyond only one or two divisions or units of the Central Valley Project (CVP), activities that involve setting project-wide policy, and special emphasis activities that have project-wide implications.

Work continuing

The request of $9,052,000 provides $5,419,000 to continue the administration, coordination, and policy setting for the hazardous materials management program; compliance with the National Environmental Policy Act (NEPA), and the Endangered Species Act (ESA); and water marketing, contract administration, and water rights activities. Also included are site specific water service contract renewals; water quality monitoring; recreation and fish and wildlife management; wetlands; excess land disposal; and negotiation and administration of contracts and agreements for operation and maintenance (O&M) of canals and fish facilities; and the management of other natural resources. The request also provides $3,633,000 for special emphasis activities which include Kesterson monitoring and evaluation, natural resource damage assessments, compliance with the Native American Graves Protection and Repatriation Act (NAGPRA), the CVP/State Water Project model and data development, the North American Waterfowl Management Plan, operation, and maintenance of the Suisun Marsh facilities and South Delta barriers by the State of California, and the D-1485 Bay-Delta environmental impact statement.

Changes from FY 1995

The change includes increases for site specific water service contract renewals, the hazardous materials management program, NAGPRA, and NEPA/ESA activities, which are partially offset by decreases for Kesterson monitoring and evaluation, natural resource damage assessments, water marketing, contract administration, and water rights activities, and for fish and wildlife and recreation management activities.

Summarized Financial Data

FY 1995 program	$8,579,000	FY 1996 request	$9,052,000

Central Valley Project
Sacramento River Division
California

Location	The Sacramento River Division is located in Colusa, Glenn, and Tehama Counties in northern California.
Description	The Sacramento River Division facilities include one diversion dam, one pumping plant, and 135 miles of canal and fish facilities. The division provides supplemental irrigation service to 105,199 acres and full irrigation service to 34,319 acres. The division benefits include irrigation, flood control, recreation, and fish and wildlife protection.
Work continuing	The request provides $2,959,000 for routine operation and maintenance of multipurpose facilities.
Changes from FY 1995	The increase includes an increase in routine operation and maintenance activities, partially offset by a decrease in the hazardous materials management program.

Summarized Financial Data

FY 1995 program	$2,950,000	FY 1996 request	$2,959,000

Central Valley Project

San Luis Unit
California

Location The San Luis Unit is located near Los Banos on the west side of the San Joaquin Valley and 30 miles southwest of Fresno, California in Fresno, Kings, and Merced Counties.

Description The joint-use facilities, of which the operation and maintenance is funded by both the Bureau and the State of California, consist of 2 storage dams and reservoirs, 2 detention dams and reservoirs, one pump-generating plant, one pumping plant, and 101.3 miles of canal. The Federal-only facilities consist of two pumping plants, 188 miles of drain, and 11.6 miles of canal. The San Luis Unit furnishes approximately 1.25 million acre-feet of water as a supplemental irrigation supply to some 600,000 acres located in the western portion of Fresno, Kings, and Merced counties. The unit also provides recreation and flood control benefits.

Work continuing The request provides $8,293,000 to operate and maintain multipurpose facilities.

Changes from FY 1995 The change includes decreases in routine operation and maintenance activities and in replacement, additions, and extraordinary maintenance items.

Summarized Financial Data

FY 1995 program	$9,307,000	FY 1996 request	$8,293,000

Central Valley Project

Shasta Division
California

Location

The Shasta Division is located in Shasta County in northeastern California.

Description

The Shasta Division facilities include two storage dams and reservoirs, two hydroelectric powerplants, 2.5 miles of pipeline, and a fish hatchery. The division provides supplemental irrigation service to 499,694 acres, 10,710 acre-feet annually for municipal and industrial, and generation of 614,000 kilowatts of hydropower. Also provided are fish and wildlife, flood control and navigation benefits.

Work continuing

The request provides $6,819,000 to continue routine operation and maintenance activities. Included is $6,359,000 to operate and maintain multipurpose facilities and $460,000 for the hazardous materials management program.

The request also provides $125,000 to continue repairs to the Shasta Dam gate fill and bypass pipe.

Work starting in FY 1996

The request includes $674,000 for work beginning in FY 1996. This includes $476,000 for environmental compliance for water service contract renewals, $170,000 for life safety code corrections to Shasta Dam and Keswick Powerplants, and $28,000 for a wetlands program.

Changes from FY 1995

The change includes increases for routine operation and maintenance activities, the hazardous materials management program, and for new programs which include environmental compliance for water service contracts, life safety code corrections, and a wetlands program. These increases are partially offset by a decrease for replacement, additions, and extraordinary maintenance items.

Summarized Financial Data

FY 1995 program	$6,653,000	FY 1996 request	$7,618,000

Central Valley Project
Trinity River Division
California

Location	The Trinity River Division is located in Trinity and Humboldt Counties in northwestern California.
Description	The Trinity River Division facilities include four powerplants, three storage dams, and one diversion dam, 13.1 miles of tunnels, and one fish hatchery. The facilities provide full irrigation service to 6,676 acres and supplemental water service to 7,121 acres, 4,810 acre-feet annually for municipal and industrial use, and generation of 397,350 kilowatts of hydroelectric power.
Work continuing	The request includes $2,087,000 for routine operation and maintenance of multipurpose facilities and $2,400,000 for the Trinity River Restoration Program.
Work starting in FY 1996	The request includes $143,000 for mitigation activities at the Trinity Fish Hatchery.
Changes from FY 1995	The change includes a decrease in routine operation and maintenance, partially offset by an increase for mitigation activities at the Trinity Fish Hatchery.

Summarized Financial Data

FY 1995 program	$5,554,000	FY 1996 request	$4,630,000

Central Valley Project
Water and Power Operations
California

Location The CVP Water and Power Operations office is located near the regional office and the Hydro Systems Control Branch is located at the Folsom Powerplant in Sacramento County.

Description The CVP Water and Power Operations office is responsible for annual water supply allocations for the CVP with forecasted hydroelectric power generation capability. The program includes management of the water resources of the CVP including maintenance of daily water and power schedules, flood control, compliance with statutory requirements, the Coordinated Operating Agreement (P.L. 99-546), and needs of the Western Area Power Administration. The office also operates and maintains a supervisory control and data acquisition system to control and monitor operations of project facilities at 16 dams and reservoirs, 11 hydroelectric power generating plants, 2 pump-storage power generating plants, and at various remote data collection sites to comply with water permit and environmental requirements.

Work continuing The request of $2,579,000 provides for routine operation and maintenance activities.

Changes from FY 1995 The change reflects a decrease due to office relocation costs in FY 1995.

Summarized Financial Data

FY 1995 program	$3,809,000	FY 1996 request	$2,579,000

Central Valley Project

Central Valley Improvement Act
California

Location

This program is located in the north and central portions of California.

Description

This program was established pursuant to Title 34 of Public Law 102-575 to provide restoration, improvement, and other fish and wildlife activities in the Central Valley Project area of California.

Work continuing

Funding of $7,239,000 is included for ongoing items required by Public Law 102-575 which includes operation of an irrigation training and research water conservation center; Trinity River flow studies; programs to evaluate CVP flow standards, objectives and diversion limits, the effects of pulse flow fluctuations, and carryover storage at Sacramento and Trinity River reservoirs; and follow up activities on the programmatic environmental impact statement which will substantially be complete by the end of FY 1995.

Work starting in FY 1996

The request provides $819,000 for activities pertaining to water acquisition, project benefits, water transfers, water contracts, water supplies for wildlife refuges, and for miscellaneous water conservation activities required by Public Law 102-575.

Changes from FY 1995

The changes include increases for the Mid-Pacific Region Irrigation Training and Water Conservation Center and for new activities required by Public Law 102-575. These increases are partially offset by decreases in funding for the programmatic environmental impact statement and the Trinity River flow studies.

Summarized Financial Data

FY 1995 program	$6,692,000	FY 1996 request	$8,058,000

Collbran Project
Colorado

Location	This project is located in western Colorado.
Description	The Collbran Project developed major parts of the unused water in Plateau Creek and its principal tributaries. The project consists of the Vega Dam and Reservoir, two powerplants, two major diversion dams, 37 miles of canal, and about 18 miles of pipeline and penstock. The project provides full irrigation for 2,500 acres, and supplemental irrigation for 19,000 acres. The two powerplants have a combined generating capacity of 13,500 kilowatts. The Collbran Water Conservancy District operates all irrigation facilities and Reclamation operates the power facilities.
Work continuing	The request of $756,000 is for continuing operation and maintenance (O&M) expenses such as personnel costs, supplies and materials, and land resources management activities.
Changes from FY 1995	The decrease is due primarily to the completion of Cottonwood Dam No. 3 and the decision not to rehabilitate any more dams. It has been determined that the costs to rehabilitate the dams would exceed benefits and the power generation costs would be excessive with no market for the additional power that may be generated.

Summarized Financial Data

FY 1995 program	$1,426,000	FY 1996 request	$756,000

Colorado River Basin Salinity Control Project
Grand Valley Unit, Title II
Colorado

Location This project is located in western Colorado.

Description The project provides for operation and maintenance (O&M) of portions of the West End Government Highline Canal and completed laterals for salinity control purposes. Project acquired mitigation land for fish and wildlife purposes will also be administered.

Work continuing The request of $733,000 includes $276,000 to reimburse the Grand Valley Water Users Association and $228,000 for the Colorado Division of Wildlife for O&M costs relating to salinity control and mitigation measures, along with $229,000 for Reclamation supervison and land resources management activities.

Changes from FY 1995 The change is due to increased reimbursements to the Grand Valley Water Users Association for work planned for FY 1996; increased O&M costs relating to salinity control and mitigation measures for the Colorado Division of Wildlife; and an increase in routine O&M and land resources management activities.

Summarized Financial Data

FY 1995 program	$432,000	FY 1996 request	$733,000

Colorado River Basin Salinity Control Project
Lower Gunnison Basin Unit, Title II
Colorado

Location	This project is located in western Colorado.
Description	The project provides for operation and maintenance (O&M) of portions of the Tri-County System Improvements for salinity control purposes.
Work continuing	The request of $432,000 is for payment to three water user entities which offsets the cost differences of delivering winter water through a rural domestic water system in lieu of delivering water through the water user entities distribution systems (an open canal system). Water which runs through the canal during the non-irrigation season seeps from the canal and picks up salt as it returns to the river. Reclamation has contracted with the Uncompahgre Valley Water Users to purchase 825 acre-feet of treated municipal and industrial water to replace the winter water in the open canal system. By using the domestic water system to deliver water to livestock instead of the open canal, salinity in the Colorado River is reduced.
Changes from FY 1995	The change is due to the increased O&M payments to the Uncompahgre Valley Water Users.

Summarized Financial Data

FY 1995 program	$416,000	FY 1996 request	$432,000

Colorado River Basin Salinity Control Project
Paradox Valley Unit, Title II
Colorado

Location This project is located in southwestern Colorado.

Description The project provides for the operation and maintenance (O&M) of a brine-well field, treatment facilities, brine injection facility, associated pipelines and roads, and seismic network. The purpose of this program is salinity control. Benefits will be derived by users of Colorado River water both within and outside the Colorado River Basin. By improving the quality of water, savings would be associated with municipal and industrial use primarily from decreased costs for water treatment, reduced pipe corrosion and appliance wear, decreased use of soaps and detergents, improved palatability of drinking water, and greater potential for water reuse. For irrigators, the salinity reduction would result in increased crop yields, more uniform crop patterns, decreased leaching and drainage requirements, and decreased management costs.

Work continuing The request includes $2,785,000 for continuing O&M expenses, including O&M of major features transferred to O&M status near the end of FY 1995. Resource management work also is continuing.

Work starting in FY 1996 In addition, the request includes $65,000 for replacement items to rebuild pumps.

Changes from FY 1995 The increase reflects a full year's funding for major project features which will be transferred to O&M status.

Summarized Financial Data

FY 1995 program	$859,000	FY 1996 request	$2,850,000

Columbia Basin Project
Washington

Location This project is located in central Washington.

Description The project provides hydroelectric power, irrigation, flood control, navigation, recreation, fish and wildlife benefits, and river regulation for fish flows. The project consists of three storage dams and reservoirs; three Grand Coulee powerplants and one pump/generating plant with a combined generating capacity of 6,494,000 kilowatts and an annual generation of about 21,000,000,000 kWh; and their associated switchyards, transmission lines, and feeder canal. There are 27 generators, six pump/generators, and six pumping units on the project. Water distribution systems and other storage facilities are operated by the water users.

Work continuing The FY 1996 request includes $37,746,000 for continuing the operation and maintenance (O&M) functions of the project including expenses such as personnel and indirect costs, materials and supplies, and service contracts. Also included is Reclamation's participation as a lead agency in a comprehensive system operation review of the Federal facilities that are included in the Columbia River Coordinated power system. Other ongoing work is the O&M of the Leavenworth, Entiat, and Winthrop National Fish Hatchery Complex for mitigating the impacts of Grand Coulee Dam on the anadromous fishery; downstream stabilization monitoring; noxious weed control; and operation of the tourist facility.

Funds of $2,600,000 are for various continuing replacements, additions, and extraordinary maintenance items. In addition, $1,400,000 is for Left Powerhouse fire safety modifications, which consist of constructing fire-rated enclosed stairways, fire-rated vertical shafts, fire evacuation alarm systems, emergency lighting systems, fixed fire extinguishing systems, heating, ventilation, and air conditioning modifications, and outside stairways.

Work starting in FY 1996 The request includes $315,000 to initiate resource management plans for Potholes and Scooteney Reservoirs areas.

Changes from FY 1995 The change reflects completion of replacements, additions, and extraordinary maintenance items.

Summarized Financial Data

FY 1995 program	$41,202,000*	FY 1996 request	$38,061,000*

* Excludes $8,250,000 in FY 1995 and $5,805,000 in FY 1996 in Bonneville Power Administration funding for replacement of stator windings and core iron in generator units 22, 23, and 24, and turbine runner replacement in units G1-G18.

Crooked River Project
Oregon

Location	This project is located in central Oregon.
Description	The project consists of the multipurpose Ochoco Dam and Reservoir and Arthur R. Bowman Dam and Prineville Reservoir. These facilities are operated under contract by the Ochoco Irrigation District. Reclamation provides maintenance of the hydromet system for flood control forecasting and recreation management costs of the areas at Prineville Reservoir.
Work continuing	The request of $207,000 is for continuing operation and maintenance functions of the project including expenses such as personnel costs, supplies and materials, flood control forecasting, recreation management, and miscellaneous replacements.
Changes from FY 1995	The change is due to increased activities associated with the recreation management at Prineville Reservoir.

Summarized Financial Data

FY 1995 program	$172,000	FY 1996 request	$207,000

Deschutes Project
Oregon

Location This project is located in central Oregon.

Description This project consists of Reclamation's effort to provide continued flood control forecasting and recreation management of the areas on Reclamation lands at Haystack Reservoir. All remaining project facilities are operated by the water users.

Work continuing The request of $84,000 is for continuing operation and maintenance expenses including personnel costs, contracted services for hydromet maintenance, management of recreation areas, and miscellaneous equipment replacements.

Changes from FY 1995 The change reflects a minor increase in activities associated with the recreation management at Haystack Reservoir.

Summarized Financial Data

FY 1995 program	$78,000	FY 1996 request	$84,000

Dolores Project
Colorado

Location	The project is located in southwestern Colorado.
Description	The Dolores project is a multipurpose project. Water is developed from McPhee Dam for irrigation, municipal and industrial use, power, salinity control, recreation, and fish and wildlife purposes for both Indian and non-Indian use. The project consists of McPhee Dam and Reservoir, Great Cut Dike, six pumping plants, 94 miles of canal and tunnels, 102 miles of lateral pipe systems, and the McPhee and Towaoc Powerplants. Service is provided to the northwest Dove Creek area, the central Montezuma Valley area, and south to the Towaoc area on the Ute Mountain Ute Indian Reservation.
Work continuing	The request includes $470,000 for personnel costs, materials and supplies, fish and wildlife, land resources management, and salinity activities, and for payments to the Dolores Water Conservancy District for the cost of operating the Ute Mountain Ute Tribe portion of the facilities and for unused water pursuant to Public Law 100-585. Upper Colorado River Basin Fund revenues of $422,000 will provide for ongoing operation and maintenance (O&M) of the powerplants.
Work starting in FY 1996	Contracts in the amount of $41,000 will be awarded for the resource management plan and wetland mitigation.
Changes from FY 1995	Changes are due to new contract awards for the resource management plan and wetland mitigation as well as an increase in operating costs to provide management supervision, preventive maintenance, and general operating costs to operate and maintain Towaoc and McPhee Powerplants.

Summarized Financial Data

FY 1995 program	$492,000	FY 1996 request	$511,000
UCRBF revenues	301,000	UCRBF revenues	422,000
Total program	$793,000	Total program	$933,000

Eastern Colorado Projects
Colorado

Location

These projects are located in eastern Colorado.

Description

The Eastern Colorado Projects, incorporating the Colorado-Big Thompson Project and the Fryingpan-Arkansas Project, divert water from the western slope of the Rocky Mountains to the eastern slope. The Colorado-Big Thompson Project diverts approximately 260,000 acre-feet of water to project lands. The Northern Colorado Water Conservancy District apportions the water used for irrigation to more than 120 ditches and 60 reservoirs. Eleven communities receive municipal and industrial water and the electrical energy produced from six powerplants with the installed capacity of 188,350 kW.

The Fryingpan-Arkansas Project consists of 6 dams and reservoirs, 16 diversion structures and the Mt. Elbert pumped-storage powerplant and switchyard which has an installed capacity of 200,000 kW. The Fryingpan-Arkansas Project diverts approximately 163,500 acre-feet of water annually for supplemental irrigation service for a 280,600-acre service area.

Also included is the operation and maintenance (O&M) of the Leadville Mine Drainage Tunnel treatment plant which prevents heavy metals from entering the headwaters of the Arkansas River.

Work continuing

This request includes $10,794,000 for continuing O&M expenses such as personnel costs, materials and supplies, administrative expenses, and payments to the Northern Colorado Water Conservancy District for Reclamation's share of O&M expenses of facilities transferred to the district. This amount includes $900,000 for continued work on the replacement of a supervisory control and data acquisition remote terminal unit, the required software needed to operate and monitor the projects, and replacement of the unit breakers at the Mt. Elbert powerplant.

Work starting in FY 1996

The request includes $800,000 for the replacement of interrupters and Life Safety Code compliance work at Mt. Elbert powerplant, replacement of the Flatiron powerplant unit breakers, and procurement of spare parts for maintaining the Mt. Elbert powerplant air circuit breakers.

Changes from FY 1995

The decrease reflects lower costs for salaries, contract services, and materials and supplies, partially offset by an increase for replacement and additions items.

Summarized Financial Data

FY 1995 program	$12,301,000	FY 1996 request	$11,594,000

Great Plains Area Projects

Colorado, Kansas, Montana, Nebraska, North Dakota,
Oklahoma, South Dakota, Texas, Wyoming

Location

These projects are located throughout the States of North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, eastern Montana, eastern Wyoming, eastern Colorado, and eastern Texas.

Description

The Great Plains Area includes the various operation and maintenance (O&M) programs within the Pick-Sloan Missouri Basin Program initially authorized by the Flood Control Act of December 22, 1944, which approved the general comprehensive plan for the conservation, control, and use of water resources in the entire Missouri River Basin. Also included are O&M funding requirements for cultural resources activities, recreation management, project headquarters expenses, and water quality management activities. Benefits include power generation from 13 powerplants (with a total generating capacity of 592,200 kW), irrigation, flood control, fish and wildlife, and recreation facilities.

Work continuing

The request includes $28,176,000 for continuing O&M expenses for the projects, such as personnel, supplies and materials, minor contracts, and other related activities, all of which are required for continued delivery of project benefits. Funds for continuing replacements, additions, and extraordinary maintenance items also are included.

Work starting in FY 1996

The request also includes $1,494,000 for new replacements and additions. This includes the Alcova powerplant transformers; the Glendo generator cable; maintenance shop and backhoes with trailers for the Indian Municipal, Rural and Industrial Water Systems; the security and telephone systems at Canyon Ferry; the sewage treatment plant and domestic water systems at Yellowtail; the security system and oil skimming system at Yellowtail; public use facilities in the Miracle Mile area below Kortes Dam; Clark Canyon boat dock; the public use water system at Fresno Lake; and a utility tractor and trailer at Canyon Ferry.

In addition, $417,000 is requested for new extraordinary maintenance items. This includes painting the gates at Boysen and Gray Reef Dams, spillway repair, x-raying the high voltage cable at Yellowtail, and upgrading the crane controls at Fremont Canyon powerplant.

The numerous work items being included in the request are discussed by State as follows:

Kansas-Nebraska - The request includes $2,135,000 for Frenchman-Cambridge Division, Bostwick Division, Cedar Bluffs Unit, Kirwin Unit, Webster Unit, Almena Unit, and Glen Elder Unit. Facilities operated and maintained include 11 dams and reservoirs for the benefit of irrigation, flood control and fish and wildlife.

Montana - The request includes $8,514,000 for Canyon Ferry Unit, Yellowtail Unit, East Bench Unit, Helena Valley Unit, Lower Marias, and provides for water quality and water management activities.

North Dakota - The request includes $3,545,000 for Heart Butte, Dickinson, and Jamestown Units which consist of three storage dams and reservoirs with benefits of irrigation, municipal and industrial water, fish and wildlife, recreation, and flood control. The Garrison municipal and industrial water system, which consists of rural water systems on three Indian reservations, is also included.

South Dakota - The request includes $245,000 for Angostura, Keyhole, Pactola, and Shadehill Units which consist of four dams and reservoirs primarily for storage of irrigation water.

Wyoming - The request includes $12,202,000 for North Platte Project, Kendrick Project, Kortes Unit, Glendo Unit, Buffalo Bill Dam and Reservoir, Shoshone Project, Boysen Unit, and Riverton Unit. These projects consist of 9 dams and reservoirs, 11 powerplants, and the Shoshone Canyon conduit. The facilities are operated for the benefit of irrigation, hydroelectric power, flood control, recreation, and fish and wildlife.

Other Activities - The request includes $3,446,000 for cultural resource and recreation management activities at project facilities located within all nine States in the Great Plains Region.

Changes from FY 1995

The change is due to increased replacement, addition, and extraordinary maintenance items and various increases in O&M costs.

Summarized Financial Data

FY 1995 program	$27,283,000	FY 1996 request	$30,087,000

Hungry Horse Project

Montana

Location

The project is located in northwestern Montana.

Description

The project provides hydroelectric power, flood control, fish and wildlife, and recreation benefits. The project consists of the storage dam and reservoir, the powerplant with a generating capacity of 429,000 kilowatts and annual generation of 948,600,000 kWh, and its associated switchyard and transmission lines.

Work continuing

The request includes $1,924,000 for continuing operation and maintenance functions of the project including expenses such as personnel, supplies and materials, services, and other related activities, all of which are required for continued delivery of project benefits.

Work starting in FY 1996

The request also includes $94,000 for replacements and additions including $30,000 for construction of a flammable materials storage room that meets applicable safety codes for special thinners, paints, and fuel; $25,000 for a welding shop fan system that will meet OSHA exhaust standards; and $10,000 to initiate zooplankton monitoring associated with operation of the selective withdrawal system.

In addition, $100,000 is requested for extraordinary maintenance items including $60,000 to replace road culverts around Hungry Horse Reservoir to remove barriers to fish passage and $30,000 to overhaul the penstock fixed wheel gates to insure reliability in the event of emergency closure of the waterway.

Changes from FY 1995

The change is primarily due to an increase in replacements, additions, and extraordinary maintenance items.

Summarized Financial Data

FY 1995 program	$1,890,000	FY 1996 request	$2,118,000*

* Excludes $3,630,000 in FY 1995 and $3,830,000 in FY 1996 in Bonneville Power Administration funding for K1A/K4A transformer replacements.

Indian Water Rights Settlement Act Projects
Arizona

Location

This project is located in the Ak Chin Indian Community, in Pinal County, Arizona, and the San Xavier and Schuk Toak Districts of the Tohono O'odham Nation (Nation) which are both located in Pima County, Arizona.

Description

The Ak Chin Indian Water Rights Settlement Act (Public Law 98-530, 10/19/84) requires the government to provide the Ak Chin Indian Community with 85,000 acre-feet of water needed to irrigate 16,000 acres of farm land annually. The Act also requires the government to provide funds for the operation and maintenance (O&M) costs associated with the water delivery to the southeast corner of the reservation as required by the Act and with no cost to the Community.

The Southern Arizona Water Rights Settlement Act (Title III, Public Law 97-293, 10/12/82) provides the Tohono O'odham Nation with 66,000 acre-feet of water annually. The Schuk Toak New Farms allocation is 16,000 acre-feet annually and the San Xavier Farms allocation is 50,000 acre-feet annually. This water will be conveyed 320 miles through Central Arizona Project facilities to the Nation. The Tohono O'odham Nation may also lease their water to other water users. The Federal government remains responsible for delivery of this leased water at no expense to the Nation.

Work continuing

The program includes $11,341,000 for continuing the operation and maintenance (O&M) functions associated with the delivery of Central Arizona Project water to the Ak Chin Indian Community ($6,391,000) and to the Tohono O'odham Nation ($4,950,000).

Changes from FY 1995

The change from the FY 1995 program is based on an anticipated increase in the per acre-foot cost of water deliveries to the Ak Chin Indians. The increase for O&M of the Santa Rosa Canal and Ak Chin lateral is due to an increase in the contracted O&M cost estimates and minor increases for contract administration.

Summarized Financial Data

FY 1995 program	$5,900,000*	FY 1996 request	$6,391,000*

* Excludes $4,250,000 in FY 1995 and $4,950,000 in FY 1996 for water deliveries under the Southern Arizona Water Rights Settlement Act. These funds will be made available from a special O&M fund established by the Act. The Bureau of Indian Affairs is responsible for administration of this fund.

Klamath Project

California, Oregon

Location

This project is located in north-central California and in south-central Oregon.

Description

The Klamath Project facilities include three storage dams, four diversion reservoirs, 37 pumping plants, 185 miles of canals, and over 728 miles of drains which provide irrigation water to approximately 225,000 acres and reduce flows into the reclaimed portions of Tule Lake and the restricted Tule Lake sumps in the Tule Lake National Wildlife Refuge. In addition, the project provides recreational opportunities for day-use visitors.

The Link River Dam is operated by the Pacific Power and Light Company in accordance with project needs. The Anderson-Rose Dam is operated by the Tule Lake Irrigation District, and the Langell Valley Irrigation District operates the Malone and Miller Diversion Dams. The canals and pumping plants are operated by the various irrigation districts.

Work continuing

The request of $2,609,000 includes $827,000 for recurring operation and maintenance costs for maintenance of buildings and equipment which are necessary for management of public lands, administration of farm and grazing leases, water rights activities, recreation management, and hazardous materials management activities. The request also provides $1,782,000 for work on the Klamath Basin Ecosystem Restoration Program. Among the activities and topics addressed by the program are recovery of threatened and endangered species, restoration of plant and animal communities, and improved water management.

Changes from FY 1995

The change includes increases for the Klamath Basin Ecosystem Restoration Program, for the coordination of measures to protect endangered species within the Klamath Project, and for routine operation and maintenance activities.

Summarized Financial Data

FY 1995 program	$771,000	FY 1996 request	$2,609,000

Middle Rio Grande Project
New Mexico

Location	This project is located in central New Mexico.
Description	The project consists of El Vado Dam and Reservoir, 202 miles of the Rio Grande channel maintenance, maintenance through 9 Native American Pueblos, and operation and maintenance (O&M) of the 57-mile-long, low-flow channel. The irrigation and drainage features of the project are operated, maintained, and funded by the Middle Rio Grande Conservancy District and include three diversion dams, 202 miles of canals, 580 miles of laterals, and 405 miles of drains.
Work continuing	The request includes $7,925,000 for continuing O&M, such as personnel costs, supplies and materials, and other recurring expenses. This total includes $810,000 for continued rehabilitation of the low-flow conveyance channel and $540,000 for various continuing replacement and addition items.
Work starting in FY 1996	The request includes $655,000, of which $400,000 is for riprap bank protection materials, development, and hauling; $210,000 is for contract costs, environmental compliance activities, endangered species activities, engineering, and administrative support for the San Marcial Reach of the Rio Grande; and $45,000 is for various P.L. 93-638 Pueblo contracts to protect against flooding and levee failure and for water conservation.
Changes from FY 1995	Most of the decrease reflects the anticipated increase of cost sharing with current non-Federal partners, as well as development of cost-sharing partners with new entities. Also, the amount needed for replacements and additions is less than that required in FY 1995.

Summarized Financial Data

FY 1995 program	$10,476,000	FY 1996 request	$8,580,000

Milk River Project

Montana

Location

This project is located in north-central Montana.

Description

Project facilities include Lake Sherburne Dam, Fresno Dam, St. Mary Diversion Dam, and the 28-mile-long St. Mary Canal. Water user entities operate and maintain the remainder of the canals and water distribution systems. Benefits include irrigation water for 129,100 acres, flood control, recreation and fish and wildlife, and land resources management.

Work continuing

The request of $206,000 provides for continuing the operation and maintenance (O&M) function of the project to include expenses such as personnel costs, supplies and materials, minor contracts, and other related activities.

Changes from FY 1995

The change reflects a reduction in the rehabilitation work on St. Mary Canal headworks, ongoing maintenance of St. Mary Canal, and reevaluation of ongoing O&M costs.

Summarized Financial Data

FY 1995 program	$281,000	FY 1996 request	$206,000

Minidoka Area Project
Idaho, Wyoming

Location

The project is located in eastern Idaho and a small portion of western Wyoming.

Description

The project provides hydroelectric power, irrigation water for about 1,200,000 acres, flood control, recreation, and fish and wildlife benefits. The project consists of eight multipurpose dams and reservoirs, two wildlife mitigation areas, recreation areas on four reservoirs, and two powerplants with a combined generating capacity of 204,400 kilowatts and annual generation of about 793,400,000 kWh and their associated switchyards and transmission lines. Unit 6 at Minidoka Powerplant has been inoperable since 1985 because of a cracked turbine runner. Water delivery systems are operated by the water users.

Work continuing

The request includes $8,322,000 for continuing operation and maintenance of the project including expenses such as personnel costs, materials and supplies, and other related activities which are required for continued delivery of project benefits. This amount includes $1,660,000 for administrative support and technical review of the Minidoka Powerplant rebuild; $355,000 for completion of the automation and remote control of four powerplants in the Southern Idaho power system; $183,000 for continuation of the American Falls erosion control program; $100,000 to continue hazardous waste inventories, monitoring and disposal of materials and $25,000 for completion of the American Falls shoreline cultural resource study.

Work starting in FY 1996

The request includes $142,000 for replacements and additions such as $60,000 for replacement of damaged Palisades Powerplant heat exchanger cooler tubes which could lead to outages and lost revenues if not replaced; $42,000 for miscellaneous replacements and additions of tools and equipment; and $40,000 to initiate replacement of the project-wide radio system which is deteriorating and must meet current Federal Communications Commission frequency requirements.

This amount also includes $263,000 for new resource management activities including: $125,000 to begin the Little Wood Resource Management Plan process with a cultural resource study; $88,000 for an interagency study group to review the management effects on water quality in the Henrys Fork river basin; $25,000 to provide for the range expansion of the threatened Trumpeter Swan; and $25,000 for development of a recovery plan for the Utah Valvata endangered snail.

In addition, $75,000 is included for extraordinary maintenance payment to the Environmental Protection Agency for cleanup of a hazardous waste site in Clearfield, Utah which contains hazardous materials from Minidoka Powerplant.

Changes from FY 1995

The change is due largely to completion of the Palisades Powerplant uprate.

SummarizedFinancial Data

FY 1995 program	$10,447,000*	FY 1996 request	$8,802,000*

* Excludes $11,260,000 in FY 1995 and $7,740,000 in FY 1996 of Bonneville Power Administration funding for Minidoka Powerplant rebuild contracts and construction management and Palisades Switchyard modifications.

Mni Wiconi Project
South Dakota

Location

This project is located in central and southwestern South Dakota.

Description

Section 3 of the Mni Wiconi Act of 1988, Public Law 100-516, authorizes and directs the Secretary of the Interior to plan, design, construct, operate, maintain, and replace the Oglala Sioux Rural Water Supply System. The project is intended to ensure a safe and adequate municipal, rural, and industrial water supply for the residents of the Pine Ridge Indian Reservation and nearby residents of South Dakota. The system will consist of facilities to be constructed, 18 existing community systems, and facilities for 1,800 rural residences. Public Law 103-434, Title VIII, added the Rosebud Sioux and the Lower Brule Indian Tribes to the original project. Responsibilities of the Secretary include the operation and maintenance (O&M) of existing water systems and appurtenant facilities.

Work Continuing

Reclamation is providing funds to the Oglala Sioux Tribe under a Public Law 93-638 contract, which began in FY 1994, for operation of Oglala Sioux Rural Water Supply System (OSRWSS). The request of $2,404,000 includes $2,054,000 for the continued operation, maintenance, and replacement of the existing systems for the Oglala Sioux Tribe including the city of Pine Ridge (population 3,000), the city of Kyle (population 1,000), a number of Bureau of Indian Affairs schools, the Oglala water system, and privately owned wells. Funding also includes O&M of all newly constructed features to be completed through 1995 under the OSRWSS, including the White Clay/Wakpamni System, the Kyle North System, the Slim Buttes System, the West Boundary System, and O&M buildings in Kyle, South Dakota.

Work starting in FY 1996

The request includes funds to purchase trucks, dump trucks, back hoes and trailers.

Changes from FY 1995

The increase is due to the need to provide adequate O&M funding for existing systems and fund the operation of facilities that are completing and moving into O&M status.

Summarized Financial Data

FY 1995 program	$492,000	FY 1996 request	$2,404,000

Oklahoma/Texas Area Projects

Kansas, Oklahoma, Texas

Location	The projects are located in the States of Kansas, Oklahoma, and Texas.
Description	The area consists of one project in Kansas, six projects in Oklahoma, and five projects in Texas. The projects include McGee Creek, W.C. Austin, Washita Basin, Arbuckle, Canadian River, Colorado River, Mountain Park, Palmetto Bend, Norman, Nueces River, Wichita, and San Angelo. The projects provide 2,060,325 acre-feet of flood control storage in 13 dams and reservoirs, recreation, and fish and wildlife benefits.
Work continuing	The request of $2,306,000 is for continuing operation and maintenance (O&M) on the projects. This amount includes $1,276,000 for administrative costs, and $1,030,000 for reimbursement to the operating entities for O&M costs allocated to flood control, fish and wildlife, and recreation purposes.
Changes from FY 1995	The increase is a result of implementing changes in the cost recovery policy. Costs, both reimbursable and nonreimbursable, previously charged to the associated O&M programs will now be charged to the benefitting project thus facilitating collection of reimbursable funds where applicable.

Summarized Financial Data

FY 1995 program	$1,151,000	FY 1996 request	$2,306,000

Orland Project
California

Location	This project is located in north-central California.
Description	The Orland Project provides full irrigation service to approximately 20,000 acres and recreational benefits. Project irrigation works are operated and maintained by the Orland Unit Water Users Association. Reclamation operates and maintains recreational facilities at Stony Gorge and East Park Reservoirs.
Work continuing	The request provides $551,000 for continued operation and maintenance of recreation facilities, including $50,000 for completion of handicap accessible toilets, $35,000 for replacement of picnic tables, and $30,000 for an ongoing program for recreation area road maintenance.
Work starting in FY 1996	Also, included in the request is $35,000 for sunshades over picnic areas and $15,000 for a recreation area for children.
Changes from FY 1995	The change includes an increase in routine operation and maintenance activities to accommodate a significant increased use of the recreational facilities. This increase is partially offset by a decrease in funding for replacement, addition, and extraordinary maintenance items.

Summarized Financial Data

FY 1995 program	$578,000	FY 1996 request	$601,000

Parker-Davis Project

Arizona, California, Nevada

Location This project is located in western Arizona, southern California, and southern Nevada.

Description The Parker-Davis Project consists of Parker and Davis Dams, Lakes Havasu and Mohave, and two powerplants. The lakes have a combined storage capacity of 2,466,300 acre-feet and provide flood control, recreation, and fish and wildlife benefits. The two powerplants, with an annual power generation of approximately 2,750,000,000 kWh of low-cost, renewable hydropower, serve various sectors of the southwest.

Work continuing The request includes $3,089,000 for operation and maintenance expenses required to continue providing hydroelectric power and water deliveries from the project. Also included are continuing replacement and addition items consisting of replacement of generator heat exchangers and generator cooling water lines.

Work starting in FY 1996 The request includes $1,012,000 for miscellaneous minor replacement, addition, and extraordinary maintenance items including modification to powerplants to meet life safety code requirements; communication interface with Hoover Dam to install fiber optics as a backup to the microwave system, which is critical for water releases and power generation for remote operation of generating units; reconditioning generator exciters to prevent damage to the main generators, resulting in a three-month outage; replacement of a 230 kV transformer bushing, as a loss would force an outage in excess of six months hampering water releases and power schedules; and reconditioning spillway stoplogs, which have deteriorated to an unusable condition.

Changes from FY 1995 The increase is due primarily to new replacements, additions, and extraordinary maintenance.

Summarized Financial Data

FY 1995 program	$3,486,000	FY 1996 request	$4,101,000

Pecos River Basin Water Salvage Project

New Mexico, Texas

Location This project is located in southeastern New Mexico and western Texas.

Description The project consists of a program to reduce the loss of water in the Pecos River Basin between Sumner Dam on the Pecos River in New Mexico and Girvin, Texas, by maintaining 53,800 acres of previously cleared land. This ongoing operation and maintenance (O&M) program involves uprooting deep-rooted Salt Cedar plants that consume water from the shallow water table or the layer of soil above it.

Work continuing The request of $386,000 is for continuing O&M expenses such as personnel costs, supplies and materials, and miscellaneous tools and equipment replacements.

Changes from FY 1995 The increase is due to higher costs for recurring O&M expenses and for materials and supplies needed to operate and maintain the project.

Summarized Financial Data

FY 1995 program	$351,000	FY 1996 request	$386,000

Provo River Project
Utah

Location	The project is located in central Utah.
Description	The program provides for continued operation and maintenance (O&M) of the Deer Creek Powerplant and land resources management. The benefits of the Provo River Project are irrigation, flood control, municipal and industrial water, power, and recreation. The Deer Creek Powerplant has two generating units with a capacity of 4,950 kilowatts. The powerplant is operated by the Provo River Water Users under a cost reimbursable contract.
Work continuing	The request of $210,000 is for continuing O&M expenses such as personnel costs, other contracts and services, land resources management activities, and extraordinary maintenance items.
Changes from FY 1995	The decrease from FY 1995 is due to the completion of most of the land resource management activities, partially offset by an increase in extraordinary maintenance items.

Summarized Financial Data

FY 1995 program	$384,000	FY 1996 request	$210,000

Rio Grande Project

New Mexico, Texas

Location

This project is located in southwestern New Mexico and western Texas.

Description

The project provides for continued operation and maintenance (O&M) of two storage dams and reservoirs, a hydroelectric plant with a generating capacity of 24,300 kilowatts and annual generation of 87,000,000 kWh, and operation of six diversion dams. Other activities include administration of Reclamation's responsibilities under the international water treaty with Mexico, land and recreation management, weed control activities, and public safety and access activities. Benefits of the project include irrigation, flood control, recreation, and power. Other major features include 141 miles of canal, 462 miles of laterals, and 457 miles of drains, which are operated and maintained by water users. The water users also maintain the six diversion dams.

Work continuing

The request includes $2,358,000 for continuing O&M expenses such as personnel costs, supplies and materials, and miscellaneous tools and equipment replacements.

Work starting in FY 1996

The request also includes $577,000 of which $116,000 is for the resource management plan to schedule and prioritize natural resource management activities; $100,000 is for repair of the failed recreation water system that will be cost shared with the New Mexico State Parks; $100,000 is for cleaning Elephant Butte drains; $72,000 is for a cost sharing contract with the New Mexico and Texas State Parks to continue work on the recreation sites; $56,000 is for land administration management; $48,000 is for public access and safety modifications at Elephant Butte Dam; $35,000 is for a governor overhaul; $25,000 is for powerplaint piping; and $25,000 is for vegetation management to prevent future water loss and wildlife habitat deterioration from occurring.

Changes from FY 1995

The increase is due to increased recreation management activities, soil and moisture conservation activities, and a net increase in overall replacements, additions, and extraordinary maintenance; partially offset by a decrease in recurring O&M expenses.

Summarized Financial Data

FY 1995 program	$2,654,000	FY 1996 request	$2,935,000

Rogue River Basin Project, Talent Division

Oregon

Location	The project is located in southwestern Oregon.
Description	The project consists of the Green Springs Powerplant with a generating capacity of 16,000 kilowatts and annual generation of about 70,000,000 kWh and the Federal share of the operation and maintenance (O&M) of the joint use storage and canal facilities consisting of seven dams and reservoirs and associated canal works operated by the Talent Irrigation District. The project also provides for the O&M of the hydromet system for water and flood control forecasting.
Work continuing	The request of $438,000 is for continuing O&M functions of the project including expenses such as personnel costs; supplies and materials; and payment to the operating entity for flood control and fish and wildlife costs.
Changes from FY 1995	The change reflects an increase in routine O&M costs partially offset by a decrease in replacements.

Summarized Financial Data

FY 1995 program	$392,000	FY 1996 request	$438,000

San Juan-Chama Project

Colorado, New Mexico

Location

This project is located in south-central Colorado and north-central New Mexico.

Description

This project consists of two storage dams and reservoirs, 3 diversion dams, 3 tunnel systems with a total length of 26 miles and 15 miles of open channel. The project provides an annual diversion of about 110,000 acre-feet of water from the upper tributaries of the San Juan River for use in the Rio Grande River Basin of New Mexico. Municipal and industrial water is provided to nine entities. Supplemental irrigation water is also provided to 89,711 acres in the Middle Rio Grande Conservancy District and 2,768 acres in the Pojoaque Valley Irrigation District. Water users fund 90 percent of expenses and Reclamation funds the remaining 10 percent for nonreimbursable functions.

Work continuing

The request includes $275,000 for continuing operation and maintenance (O&M) expenses such as tunnel maintenance; personnel costs; supplies and materials; and equipment replacements, additions, and repairs.

Work starting in FY 1996

The request also includes $52,000 of which $37,000 is for review of Federal facilities for required public access and to make appropriate alterations as required to prevent safety hazards to the public and $15,000 for the Blanco Sluiceway repair which is deteriorating and will be disabled if delayed.

Changes from FY 1995

The change is due to completion of the soil and moisture conservation activities, a reduced level of funding for the resource management plan, and reduced requirements for replacements and additions, partially offset by increases in continuing O&M expenses, public access and safety activities, extraordinary maintenance, and land resources management activities.

Summarized Financial Data

FY 1995 program $387,000 FY 1996 request $327,000

San Luis Valley Project, Closed Basin Division
Colorado

Location

This project is located in south-central Colorado.

Description

The project provides for operation and maintenance (O&M) of 170 salvage wells, 82 observation wells, 42 miles of main canal, 115 miles of pipeline laterals, 237 miles of access roads, 169 miles of transmission lines, 22 underdrain manholes, and 16 tree area turnouts. The purposes of the project are water salvage, fish and wildlife benefits, and recreation. The Federal role is to make water available for fulfilling the United States obligation to Mexico in accordance with the treaty dated May 21, 1906, and to assist Colorado in meeting its obligation to the Rio Grande Compact. The project also provides for the delivery of water to the Alamosa National Wildlife Refuge, Bureau of Land Managements Blanca Wildlife Habitat Area, stabilization of San Luis Lake, and Russell Lakes Wildlife Management Area.

Work continuing

The request of $3,195,000 provides for continued O&M of the Closed Basin facilities to include power, water quality, ground water monitoring, and mitigation costs. Civil maintenance activities continue to be contracted to the Rio Grande Water Conservation District under a master contract.

Changes from FY 1995

Most of the decrease reflects the anticipated development of cost-sharing partnerships with new entities. Also, the amount needed for replacements and additions is less than that required in FY 1995, as well as reduced requirements for the contract with the Rio Grand Water Conservation District to operate and maintain the project.

Summarized Financial Data

FY 1995 program	$4,031,000	FY 1996 request	$3,195,000

San Luis Valley Project, Conejos Division
Colorado

Location

This project is located in south-central Colorado.

Description

The project consists of Platoro Dam and Reservoir which provides irrigation, flood control and recreation benefits, and through regulation provides a supplemental water supply for 81,000 acres of irrigated land in the Conejos Water Conservancy District. Platoro Dam has joint-use storage that provides flood control by storing floodwaters of the Conejos River for release when normal flows fall below irrigation requirements. Project facilities are operated and maintained by the Conejos Water Conservancy District.

Work continuing

Public Law 102-575, Title 23, mandates that operation, maintenance, and replacements of the Conejos Division be turned over to the Conejos Water Conservancy District. However, funds of $2,000 are required for administrative costs, as title to the facilities remains with the United States.

Changes from FY 1995

The change is due to elimination of costs for recurring operation and maintenance expenses.

Summarized Financial Data

FY 1995 program **$26,000** FY 1996 request **$2,000**

Solano Project
California

Location This project is located in northeastern California.

Description Principal features and facilities include two storage dams and reservoirs, one diversion dam, 32.3 miles of canal, 3.4 miles of pipelines, and the Lake Berryessa Recreation Area. The project was designed to irrigate approximately 96,000 acres of land. The project also furnishes municipal and industrial water to the principal cities of Solano County. Recreational opportunities are available at seven resorts operated by private entities. The canal and pipelines are operated and maintained by the Solano Irrigation District with funding provided by Reclamation. All other facilities are operated and maintained by Reclamation.

Work continuing The request of $2,172,000 includes $1,324,000 for recurring expenses of operation, maintenance, and management of the recreational facilities at Lake Berryessa. Also included is $148,000 for operation and maintenance (O&M) of Monticello Dam and the Putah Diversion Dam by the Solano Irrigation District. An amount of $159,000 is included for water rights, water marketing, resource management, and general oversight activities. An amount of $45,000 is included for implementation of a fish and wildlife plan. Replacement, additions, and extraordinary maintenance items total $496,000 and include replacement of a bulldozer, backhoe, and radios; road repairs; and erosion control.

Changes from FY 1995 The change is primarily due to the increase in replacement, addition, and extraordinary maintenance items, partially offset by a decrease in routine O&M activities at the Lake Berryessa recreation facilities.

Summarized Financial Data

FY 1995 program	$1,827,000	FY 1996 request	$2,172,000

Tualatin Project
Oregon

Location This project is located in northwest Oregon.

Description The project provides irrigation, municipal and industrial water, flood control, fish and wildlife, recreation, and water quality control benefits. The Federal share of the operation and maintenance (O&M) costs of Scoggins Dam and Henry Hagg Lake is performed under contract by the Tualatin Valley Irrigation District.

Work continuing The request of $81,000 is for continuing O&M expenses including personnel costs, contracted services for hydromet maintenance, and payment to the Tualatin Valley Irrigation District for O&M of Scoggins Dam.

Changes from FY 1995 The change reflects increased costs associated with the operation and maintenance of Scoggins Dam.

Summarized Financial Data

FY 1995 program	$68,000	FY 1996 request	$81,000

Umatilla Project
Oregon

Location

This project is located in north-central Oregon.

Description

The project provides irrigation, flood control, fish and wildlife, and recreation benefits. The project consists of the McKay Dam and Reservoir which is regulated for irrigation, flood control, fish flow releases, and water exchange facilities which include the West Extension Irrigation District (WEID) pumping plant, the Columbia River pumping plant, and the Columbia-Cold Springs Canal. The program also includes a water conservation effort in the Umatilla basin.

Work continuing

The request includes $591,000 for continuing operation and maintenance activities including personnel costs, supplies and materials, minor contracts, services, monitoring costs associated with the fish passage program, and other related activities necessary for the continued delivery of project benefits.

Work starting in FY 1996

The request also includes $114,000 to initiate a water conservation effort to provide for water quality monitoring, technical guidance and assistance, and coordination of water conservation efforts with water users and other entities.

Changes from FY 1995

The increase is for additional water exchange facilities entering operation and maintenance status and for increased river monitoring costs associated with the fish passage program.

Summarized Financial Data

FY 1995 program	$467,000	FY 1996 request	$705,000

Upper Colorado Area Projects

Colorado, Utah

Location	The projects are located throughout Colorado and Utah.
Description	The program provides continued payments to operating entities for nonreimbursable costs of operation and maintenance (O&M) of the following projects: Bostwick Park, Dallas Creek, Uncompahgre, Weber Basin, and the Bonneville and Jensen Units of the Central Utah Project. The program includes fish and wildlife enhancements, flood control, land resources management, public safety and access, soil and moisture conservation, cultural resources, salinity control, and recreation.
Work continuing	The request includes $1,969,000 for continuing O&M expenses such as personnel costs, materials and supplies, other contracts and services, and continuing contracts for extraordinary maintenance and ongoing resource management plans. Also included is funding for recreation rehabilitation at Rockport Lake and East Canyon Dam and Reservoir, Weber Basin Project, which is being cost shared with the State of Utah and funded totally by the State in FY 1995.
Work starting in FY 1996	The request includes $367,000 for other contracts and services for the initiation of land resource management plans at Rockport Lake and Willard Bay Reservoirs also on the Weber Basin Project.
Changes from FY 1995	The change primarily reflects increased costs for recreation rehabilitation at Rockport and East Canyon and new resource management plans activities. These increases are partially offset by a decrease due to completion of resource management plan activities at Starvation Reservoir.

Summarized Financial Data

FY 1995 program	$1,347,000	FY 1996 request	$2,336,000

Washoe Project

California, Nevada

Location	This project is located in west-central Nevada and east-central California.
Description	The Washoe Project was designed to improve the regulation of runoff of the Truckee River system and to provide supplemental irrigation and drainage for presently irrigated lands, as well as water for municipal and industrial use, flood protection, fish and wildlife benefits, and recreation. Flows are also regulated for such purposes as power production and fishery improvement. Washoe Project facilities include two storage dams and reservoirs, one diversion dam, one powerplant with a generating capacity of 3,650 kilowatts and annual generation of 6.2 gigawatt-hours, and a 3-mile-long fishway located at Pyramid Lake. As a result of threatened and endangered species, the principal storage reservoir, Stampede Dam, is being operated to meet flood control and instream flow requirements to protect fish in the lower Truckee River. Authority to construct facilities of the Watasheamu Division has been deauthorized by Public Law 101-618, Section 205(c).
Work continuing	The request includes $1,529,000 for continued operation and maintenance activities such as the Truckee-Carson Settlement Environmental Impact Statement (EIS); operation and routine maintenance of storage, diversion and power facilities; hydrologic modeling; hazardous materials management activities; and management of recreation and fish and wildlife resources.
Work starting in FY 1996	The request also includes $19,000 for power analysis and evaluation at Stampede Powerplant.
Changes from FY 1995	The change includes decreases in the Truckee-Carson Settlement Environmental Impact Statement and hydraulic modeling which are partially offset by increases in routine operation and maintenance of storage, diversions, and power facilities, hazardous materials management program, and resources management.

Summarized Financial Data

FY 1995 program	$1,632,000	FY 1996 request	$1,548,000

Yakima Project

Washington

Location

The project is located in south-central Washington.

Description

The project provides irrigation water for approximately 464,000 acres, hydroelectric power generation, flood control, and anadromous fishery production benefits. The project consists of six storage dams and reservoirs, two hydroelectric powerplants with a combined generating capacity of 25,000 kilowatts and an average annual generation of about 115,000,000 kWh, fish ladders and screens, and the hydromet system for water and flood control forecasting. Canal and water distribution systems are operated by the water users.

Work continuing

The request includes $6,327,000 for continuing operation and maintenance (O&M) functions of the project including expenses such as personnel costs, supplies and materials, various services.

Work starting in FY 1996

The request includes $987,000 for work beginning in FY 1996 of which $130,000 is for replacement of vehicles which are necessary for day-to-day O&M activities; $697,000 is for the rehabilitation of Kachess Dam outlet works and spillway to repair deteriorated and damaged concrete and to replace corroded and bent gate tower trash racks; $100,000 is for Roza gantry crane safety modifications, and $60,000 is for life safety code modifications at the powerplants to meet OSHA standards.

Changes from FY 1995

The change is due to replacements and extraordinary maintenance items beginning in FY 1996 partially offset by reductions in operating costs of the phase I fish passage facilities.

Summarized Financial Data

FY 1995 program	$6,758,000	FY 1996 request	$7,314,000

Yuma Area Projects

Arizona, California, Nevada

Location

These projects are located in western Arizona, southeastern California, and southern Nevada.

Description

The projects provide for operation and maintenance (O&M) of Reclamation facilities from Davis Dam to the Southerly International Boundary with Mexico (approximately 276 river miles). These facilities were constructed under the Colorado River Front Work and Levee System, Colorado River Basin Salinity Control Act - Title 1, and Delivery of Water to Mexico Project. Delivery of Water to Mexico includes all activities necessary to meet the requirements of the 1944 Treaty with Mexico. Benefits provided by these projects include flood and sediment control, recreation, and fish and wildlife benefits. The Yuma Area Projects also operate the river to deliver water to over 1 million acres of irrigable land in the United States and Mexico and to over 1,700,000 urban users in the United States and Mexico.

The Yuma Area Projects O&M program is formulated as two major program activities: River Facility O&M and Salinity Features O&M.

River Facility program activities include O&M of the Colorado River channel and settling basins, river banklines, jetties, training structures, access roads, operating bridges, levees, floodways, drainage and/or groundwater recovery wells, and related carriage facilities. The program continues O&M of the protective and regulatory pumping unit wellfield and associated conveyance system, transmission lines, and switchyard/substations; O&M of fish and wildlife facilities, including constructed mitigation features, and environmental investigations and studies to satisfy NEPA compliance and ensure the integrity of mitigation work. The program also provides for the O&M of reservoir facilities which include Imperial Dam, Laguna Dam, Senator Wash Dam, and Senator Wash Pumping/Generating Plant. Also included are land resource management activities which include costs related to the administration of Reclamation lands, boundary surveys, and right-of-way studies.

Salinity Features O&M program activities include maintenance of the Yuma Desalting Plant complex at a level to sustain ready reserve (nonoperational) status; maintenance of the salinity drainage channel system consisting of Main Outlet Drain (MOD), the Main Outlet Drain Extension (MODE), the U.S. Bypass Drain, and the Mexico Bypass Drain; and the ongoing water budgeting and sampling program of collecting, testing, and analyzing irrigation drainage return flows, and Gila and Colorado River waters, to ensure desalting/replacement obligations are minimized and Mexican Treaty salinity requirements are maintained.

Work - continuing

For the River Facility O&M program activities, the request includes $17,219,000 for continuing expenses and general operating support services for ongoing O&M of existing features; power for Yuma area wells; operation, maintenance, and studies of environmental features; an operating agreement and power at Imperial and Senator Wash Dams (for delivery of water to Mexico); an ongoing contract for warehousing and other Yuma Area Office facility services; and replacements and extraordinary maintenance items.

For the Salinity Features O&M program activities, the request includes $6,283,000 for continuing expenses required to keep the Yuma Desalting Plant in ready reserve (nonoperational) status. Storage in the Colorado River is adequate to meet Mexico treaty requirements for salinity for the next several years. Reclamation is taking advantage of that opportunity to conduct a review of plant operations. Funds for continuing O&M of the MOD, MODE, and the U.S. and Mexico sections of the Bypass Drain, and the water budgeting and sampling program also are included.

Work starting in FY 1996

In the River Facility O&M program, $830,000 is critical for essential and effective ongoing infrastructure O&M, including $400,000 for riprap and gravel, $300,000 for replacement drilling of two water recovery wells, and $130,000 for extraordinary maintenance of penstocks, pumps, and generators at Senator Wash Dam.

Changes from FY 1995

The increase in the River Facility O&M program will provide for a more reasonable level of resource management activities. The increased funding is for water conservation activities, the preparation and administration of water contracts, and will ensure the means to complete a well inventory identifying all lower Colorado River water users.

The decrease in the request for appropriated funds reflects the new direction in the way Reclamation will do business on the lower Colorado River in the future. The requested funding level reflects the anticipated development of cost sharing partnerships with new entities, and an increase in water user advances for O&M work done solely for the benefit of water users, which was previously funded with Federal appropriations.

Summarized Financial Data

Reclamation	$23,084,000	Reclamation Request	$21,332,000
Non-Federal cash	50,000	Non-Federal cash	3,000,000
FY 1995 program	$23,134,000	FY 1996 request	$24,332,000

OPERATION AND MAINTENANCE APPROPRIATION FINANCED PROGRAMS

(Associated Programs)

Associated O&M Programs

Various States

Departmental Irrigation Drainage Program

Description The program provides for Reclamation's share of the Department's programs which address irrigation-induced water quality problems involving Interior's responsibilities in the 17 Western States. This program, consisting of five phases, is an outgrowth of departmental and congressional concerns relating to trace element contamination problems at Kesterson Reservoir in the San Joaquin Valley of California.

Work continuing Reclamation provides partial funding to support Phases I through III. Reclamation is the only Interior agency currently providing funding for Phase IV planning. Phase IV activities entail implementing plans of study; developing work plans; preparing public involvement plans, environmental documents, and planning documents; and selecting the recommended plan for remediation. Remediation (Phase V) will be initiated on projects where significant contamination problems related to irrigation drainage return flows have been identified and remediation plans have been approved.

Changes from FY 1995 The FY 1996 request decreases because Phases I through III of the program are nearly completed.

Summarized Financial Data

FY 1995 program	$4,543,000	FY 1996 request	$4,278,000

Environmental Program Administration

Description This associated program provides resources to assess, evaluate, study, and formulate plans to ensure compliance with environmental law, policy, and initiatives. It also provides for the collection of data for the conservation of endangered or threatened species in compliance with the Endangered Species Act and for meeting requirements of the National Historical Preservation Act.

Work continuing Funds will be used for sediment transport analysis, habitat requirement studies, river icing studies, and implementation analysis. Projects will be reviewed to assess their impacts on fishery, wildlife, and cultural resource areas. Also included are funds for evaluation of mitigation commitments for revegetation and for fencing and escape devices for deer and other animals on completed aqueducts . Funds are provided for protective barriers, interpretive signs, pedestrian trails, and repair and restoration of damaged cultural resources sites. The program also provides for evaluation of the operation of existing Reclamation projects in the Platte River for the potential to affect threatened and endangered species in Colorado, Nebraska, and Wyoming.

Work starting in FY 1996 A review of the operation of facilities in the Upper Missouri Basin will be undertaken to assess impacts of facilities operation on several threatened and endangered species.

Changes from FY 1995 The increase will fund project reviews in the Upper Missouri Basin.

Summarized Financial Data

FY 1995 program	$999,000	FY 1996 request	$1,816,000

Examination of Existing Structures

Description The program provides for the systematic overview and evaluation of activities and programs related to operation and maintenance of existing facilities. The program provides for the onsite review and examination of Reclamation facilities operated by both Reclamation and other entities, identification of O&M deficiencies, and tracking corrective actions. This program provides for the safe and proper operation of facilities for their intended purposes, coordination of emergency management activities associated with those facilities, the reduction of in-service failures and breakdown maintenance, and protection of the Federal investment.

Work continuing Cyclical examinations for review of water storage, conveyance, and distribution facilities for correcting operation and maintenance deficiencies will continue. This also includes the review, update, and evaluation of Standing Operating Procedures and Emergency Preparedness Plans.

Work starting in FY 1996 Emergency management activities related to improving Reclamation's coordination with local jurisdictions will begin. Activities include the establishment of emergency management programs at Reclamation facilities and providing technical assistance and information to local downstream jurisdictions in their development of emergency operations plans.

Changes from FY 1995 The increase from FY 1995 reflects a new emphasis in emergency management activities relative to coordination with downstream local jurisdictions potentially impacted by incidents at Reclamation facilities.

Summarized Financial Data

FY 1995 program	$1,557,000	FY 1996 request	$2,458,000

Land Resources Management

Description This program is used to fund oversight and support services for developing resource management plans and to facilitate the proper management of Reclamation lands by other agencies and interests. Also included is Reclamation's efforts to meet requirements of the Native American Graves Protection and Repatriation Act. The program is used to finance O&M related activities on lands managed by Reclamation for which there is no other source of funds. This work includes liaison with cooperating land management entities to ensure that the related contractual arrangements are adequately administered. In addition, funds will be used to fulfill direct operation, maintenance, and replacement work required to protect resources on land where it has not been possible to secure management by a capable administering agency. The program includes contracts for boundary surveys and fencing, weed and pest control, aerial photography, and office support services that are not a part of the Soil and Moisture Conservation program.

Work continuing Liaison with cooperating recreation, fish and wildlife, and other entities to ensure that contractual arrangements continue is included. Additionally, funds will be used to develop management plans to improve management practices. Technical investigations will continue on underground storage systems and all facilities will be audited to determine the use, generation, and/or storage of hazardous materials. The formulation of emergency planning and prevention strategies under the hazardous materials spill prevention, control and countermeasure plans are made for protection purposes. Resource management plans will continue at a number of reservoir and canal areas. Environmental compliance checks, water quality investigations, landfill investigations, vegetative studies, trespass resolution, withdrawal reviews, resource management plans, and program administration will continue. The inventory of archeological collections and human remains associated with the requirements of the Native American Graves Protection and Repatriation Act will continue to be emphasized. Administration of repayment contracts and operational studies for water marketing purposes will continue.

Work starting in FY 1996 While several Resource Management Plan reports are being finalized, Resource Management Plans are getting underway for other areas. In addition, a multiyear program to remedy hazardous waste problems in Reclamation-managed buildings will begin.

Summarized Financial Data

FY 1995 program	$7,277,000	FY 1996 request	$7,222,000

Miscellaneous Flood Control

Description This associated program provides for the collection of data such as rainfall measurements, stream flow measurements, and spillway gate positions which are necessary for determining any threat of flooding. The program also provides for the maintenance of early warning systems.

Work continuing Maintenance of streamgaging stations, rainfall measurements, streamflow measurements, spillway gate positions, water pressure under dams, and early warning systems continues. In addition, funding for coordination with the Army Corps of Engineers and for services provided by the Geological Survey for streamgaging continues.

Changes from FY 1995 The decrease from FY 1995 results from savings in maintenance of early warning systems, as well as the ongoing effort to recover costs from project beneficiaries.

Summarized Financial Data

FY 1995 program	$1,086,000	FY 1996 request	$651,000

Operation and Maintenance Program Management

Description The program establishes Reclamation policies on methods and level of project operation and maintenance. The effort has been focused on improving project operation methods, establishing appropriate levels of maintenance, institutionalizing economic analysis as a maintenance decision making tool, supporting the current O&M program formulation process, and establishing universal business and management practices.

Work continuing The request provides funding for administration of the operation and maintenance program and related budget formulation.

Changes from FY 1995 The FY 1996 request has decreased because most of the standardization of operation and maintenance activities will be completed in FY 1995.

Summarized Financial Data

FY 1995 program	$987,000	FY 1996 request	$ 243,000

Power Program Services

Description This program provides power O&M related support services to regions and projects. The program provides for technical guidance and assistance; coordination services; development of standards, procedures, and instructions; conducting special engineering studies; and producing seminars or training sessions related to power O&M work. This program provides for a pool of technical, consultative resources to assist regions and projects in accomplishing safe, efficient power facility O&M. Activities carried out under this associated program include the Reclamationwide power related work activities that are considered standard electric utility business expenses to be repaid through power revenues.

Work continuing Reclamationwide overviews will continue.

Work starting in FY 1996 New opportunities for efficiency and operational improvements are being emphasized in this program. Benchmarking will be established to assist in evaluating plant performance and needed improvements in existing plants. Operation and maintenance procedures will be evaluated to improve powerplant reliability, performance, and cost effectiveness. Efforts will be made to investigate and improve automation and/or remote control of hydroelectric plants to facilitate on-line diagnostics, environmental data collection, and data analysis.

Summarized Financial Data

FY 1995 program	$379,000	FY 1996 request	$375,000

Public Access and Safety Program

Description This program establishes acceptable standards for providing access for persons with disabilities, identifying potential safety hazards, minimizing risk of personal injury and loss of life, and reducing liability to the operating entities and Reclamation. Activities include policy formulation, program administration, and identification of specific corrective actions. Activities also include installation of safety measures necessary to minimize risk of personal injury and loss of life.

Work continuing The request includes funding for ongoing personnel costs, supplies and materials, and support services to administer the program. Public safety modifications such as safety fencing, signs, buoy lines, lighting, safety cables, guardrails, and barricades are ongoing. Access for persons with disabilities, such as modifications to restrooms, camp areas, trails and walkways, and parking areas, are included.

Changes from FY 1995 The FY 1996 request has decreased because public access and safety activities are being completed in some areas and because of the ongoing effort to recover costs from project beneficiaries.

Summarized Financial Data

FY 1995 program	$1,490,000	FY 1996 request	$937,000

Reclamation Law Administration

Description This associated program provides for administration of the acreage limitation provisions of Reclamation Law, including the Reclamation Reform Act of 1982, as amended. These activities include land classification/equivalency determinations, field audits and compliance checks, oversight of water user certification of compliance with legal requirements, and field work data gathering under the Acreage Limitation Program.

Work continuing Continuing work includes such activities as revising the Acreage Limitation Rules and Regulations, preparing reports on implementation of the Act to the Congress, coordination, training of district personnel, land classification, equivalency determinations, field audits, acreage limitation determinations, water user certification of compliance with legal requirements, and district reviews to ensure compliance with the Reclamation Reform Act, as amended.

Changes from FY 1995 The FY 1996 request has decreased because the Reclamation Reform Act's environmental impact statement is scheduled to be completed during FY 1995.

Summarized Financial Data

FY 1995 program	$6,933,000	FY 1996 request	$5,537,000

Recreation and Fish and Wildlife Program Administration

Description Reclamation's guidance and support of recreation and fish and wildlife activities are provided under this program. Evaluation of the impacts of existing project operations on wetlands and endangered species habitat is also included in the program. In addition, the program includes liaison with cooperating recreation interests, concessionaires, and fish and wildlife management agencies.

This program provides for the rehabilitation of recreation areas to bring facilities up to current public health and safety standards; to correct any facility design deficiencies; to bring facilities into compliance with Section 504 of the Rehabilitation Act of 1973, as amended; to protect the original Federal investments; and to save the Federal Government the expense of operating these recreation areas.

Work continuing Activities that continue include managing natural, restored, and artificially designed fish and wildlife habitats, evaluating impacts of existing project operations on wetlands and endangered species habitat, rehabilitating recreation areas and fish and wildlife habitat, water resources adjudication, and vegetative studies related to fish and wildlife. Multi-agency programs and studies to restore and enhance wildlife habitat along several rivers will continue. Funding is included for negotiation and administration of agreements with concessionaires.

Work starting in FY 1996 A cooperative cost sharing effort with Wyoming Game and Fish to study fish survival and migration on the North Platte River will begin.

Changes from FY 1995 The increase provides for additional planning and development activities for public access in fish and wildlife areas, and activities to mitigate and restore threatened or endangered native fish species and their habitat.

Summarized Financial Data

FY 1995 program	$3,985,000	FY 1995 request	$4,679,000

Associated Programs . . . .

Safety Evaluation of Existing Dams

Description Reclamation's dams must be maintained in a safe condition to protect the public, property, and natural resources. The proposed program provides for early detection, data collection, instrumentation, and analysis of potential dam safety deficiencies for Reclamation's 307 high and significant hazard dams and dikes and implements the Federal Guidelines for Dam Safety as directed by Secretarial Order 3048. The public risk associated with confirmed deficiencies also is identified. Corrective actions to reduce the risk to the public are evaluated and performed in the Safety of Dams program which is a part of the Construction Program appropriation.

Work continuing Examinations and studies identifying structures which pose unacceptable risks will continue.

Changes from FY 1995 The comprehensive analysis of existing structures against state-of-the-art criteria using actual data collected from the dams was begun in the early 1980's. The analysis is nearing completion.

Summarized Financial Data

FY 1995 program	$9,111,000	FY 1996 request	$7,690,000

Soil and Moisture Conservation

Description The program provides for administration of the Soil and Moisture Conservation Program in accordance with Reclamation's good neighbor policy and covers only those activities where the benefits are of a nonreimbursable nature, such as erosion and weed control on Reclamation lands and fire protection on lands withdrawn for future project purposes. The program also provides for research as it relates to soil, moisture conservation, and weed control.

Work continuing The request is for continuing activities such as personnel costs, supplies and materials, and support services. In addition, a cooperative agreement for shoreline protection is continuing.

Changes from FY 1995 The decrease from FY 1995 reflects the ongoing efforts to recover costs from project beneficiaries.

Summarized Financial Data

FY 1995 program	$499,000	FY 1996 request	$249,000

Water Management and Conservation Program

Description This associated program provides for the coordination of water management and conservation efforts with the water users and other Federal and non-Federal agencies and for reconnaissance studies on existing Reclamation projects. The program also provides water O&M program support services to regions and projects. It provides technical guidance and assistance; coordination services; development of standards and procedures; and seminars or training sessions related to water O&M work.

Work Continuing The request provides for the coordination of water management and conservation efforts with the water users and other non-Federal agencies. It also provides for water quality monitoring, water conservation centers and training, administration of integrated pest management, oversight of water service contracts and entitlements, studies of various methods of water conservation and optimization of existing resources, and continuation of Irrigation Management Improvement Programs. Water conservation programs will continue, including those in partnership with AmeriCorps in urban areas of Southern California.

Work starting in FY 1996 Activities to resolve instances of unauthorized water use (also known as "water spreading") will begin.

Changes from FY 1995 The increase reflects the continued emphasis on water conservation efforts. Those efforts primarily are in four programs: To establish an additional water conservation center and demonstration projects, to provide increased funding for partnerships with communities and organizations to conserve water, to fund the greatly increased costs in reporting and documenting consumptive use reports in the Colorado River, and for funds associated with direct support of Reclamation Reform Act water conservation activities.

Summarized Financial Data

FY 1995 program	$6,226,000	FY 1996 request	$12,022,000

OPERATION AND MAINTENANCE
REVENUE FINANCED
PROGRAMS

Lower Colorado River Basin Development Fund
Central Arizona Project

Arizona, California, Nevada, New Mexico, Utah

Location

The Central Arizona Project (CAP) is located in central and southern Arizona, southern California, southern Nevada, western New Mexico, and southern Utah. The Navajo Power Project is located in northern Arizona.

Description

The CAP operation and maintenance (O&M) program covers completed portions of the project which remain a Federal responsibility; have not been transferred to the Central Arizona Water Conservation District for repayment; long-term environmental commitments; and interest payments to the U.S. Treasury. The water development features include the New Waddell Dam portion of Regulatory Storage. The power development facilities include Reclamations entitlement to 547 megawatts of power from the Navajo Generating Station, which is a 2,250 megawatt coal-fired steam plant operated by the Salt River Project. The revenues from the sale of any surplus power aid in the repayment of the CAP. These facilities are operated for power production, irrigation, municipal and industrial water use, flood control, and recreation.

Work continuing

Revenues provide $84,390,000 for continuing O&M functions of the Navajo Generating Station, $46,258,000 for the interest payment to the U.S. Treasury for the CAP repayment, $2,000,000 for continuing (O&M) functions of the New Waddell Dam pump generating plant, and $936,000 for long-term environmental commitments and federal oversight.

Summarized Financial Data

Navajo Generating Station	$ 84,390,000		$ 84,390,000
Environmental commitments and oversight of O&M	878,000		936,000
Other completed project portions prior to transfer	2,000,000		2,000,000
Interest payment on aqueduct system	46,357,000		46,258,000
FY 1995 program	$133,625,000	FY 1996 program	$133,584,000

Upper Colorado River Basin Fund
Colorado River Storage Project
Consumptive Uses and Losses
Arizona, Colorado, New Mexico, Utah, Wyoming

Location The Colorado River Storage Project is located in northern Arizona, western Colorado, northwestern New Mexico, eastern Utah, and southwestern Wyoming.

Description The Upper Colorado River Storage Basin consumptive use studies are required by the Colorado River Basin Project Act (Public Law 90-537), which directs the Secretary of the Interior to report the annual consumptive uses and losses of water from the Colorado River system after each 5-year period beginning with the 5-year period starting October 1, 1970. Section 49 of the Navajo Project Participating Agreement, dated September 30, 1969, dealing with the construction and operation of the thermal powerplant near Page, Arizona, requires the Secretary to report annually on the use of water in the Arizona portion of the Upper Colorado River Basin.

The data contained in the annual report on Arizona water are used to evaluate water supply and water quality for various other laws. The data also are used by the Basin States in updating the Colorado River Storage System hydrologic database, and in preparing operations and water quality studies.

Work continuing Revenues of $250,000 provide for continuation of data collection and preparation of reports for the Secretary of the Interior. Activities include mapping of irrigation in the Upper Basin, development of a computer database, remote sensing data acquisition, computation of consumptive uses, and reporting.

Summarized Financial Data

FY 1995 program	$250,000	FY 1996 program	$250,000

Upper Colorado River Basin Fund
Colorado River Storage Project
Emergency Funds

Arizona, Colorado, New Mexico, Utah, Wyoming

Location	The Colorado River Storage Project is located in northern Arizona, western Colorado, northwestern New Mexico, eastern Utah, and southwestern Wyoming.
Description	The program provides for emergency repairs of facilities to ensure continued operation of the Colorado River Storage Project Initial Units and participating projects.
Work continuing	The revenues of $500,000 may be used for emergency repairs of facilities which include personnel costs, contracts and services, materials and supplies, and support services.

Summarized Financial Data

FY 1995 program	$500,000	FY 1996 program	$500,000

Upper Colorado River Basin Fund
Colorado River Storage Project
Initial Units

Navajo-Curecanti-Wayne N. Aspinall-Flaming Gorge-Glen Canyon Units

Location The Colorado River Storage Project is located in northern Arizona, western Colorado, northwestern New Mexico, eastern Utah, and southwestern Wyoming.

Description The project provides for continued operation and maintenance (O&M) for four main-stem storage units consisting of six dams and reservoirs. Also included are the O&M of Glen Canyon, Flaming Gorge, Morrow Point, Blue Mesa, and Crystal Powerplants that provide 1,710,000 kilowatts of hydroelectric power. Project benefits are irrigation, flood control, municipal and industrial water, recreation, and fish and wildlife.

Operation and maintenance activities are performed by the Bureau of Reclamation. Funding of the project is obtained from power revenues and Navajo Dam storage water, and both are deposited in the Upper Colorado River Basin Fund.

Work continuing The revenues include $14,961,000 for continuing O&M activities such as personnel costs, supplies and materials, other contracts and services, land resources management activities; and continuing replacements, additions, and extraordinary maintenance items. The revenues also include $10,592,000 for continuing funding of the endangered fish studies, the Flaming Gorge Environmental Studies, the long-term monitoring program, Environmental Studies and Compliance, and necessary research for P.L. 102-575.

Work starting in FY 1996 The revenues will provide $1,415,000 for replacements, including $80,000 to replace 4 vehicles at Aspinall that meet age and mileage standards; $442,000 to replace aged equipment at Aspinall, Flaming Gorge and Glen Canyon; $418,000 to replace the governors at Blue Mesa and Morrow Point to decrease maintenance and improve reliability; $389,000 to replace the Morrow Point unit circuit breakers which are becoming unreliable; and $86,000 to replace the electrical transformers at the Dutch John community, which contain polychlorinated biphenyl.

In addition, revenues include $1,131,000 for extraordinary maintenance items, including $242,000 for safety modifications to Blue Mesa, Morrow Point, Crystal, Flaming Gorge and Glen Canyon to comply with the Life Safety code; $112,000 for the heat and air conditioning systems at Blue Mesa and Morrow Point to decrease energy requirements; $235,000 for realigning Navajo's highway intersection to reduce safety hazards; $335,000 to paint or replace the Morrow Point spiral stairs which are deteriorating; $103,000 for replacement of the Flaming Gorge turbine water flow meter to increase operating efficiency; and $104,000 for removing asbestos at the Flaming Gorge community of Dutch John.

Changes from FY 1995

The change is due to a decrease in estimated O&M costs. In addition, the Glen Canyon Environmental Studies are scheduled to be completed in calendar year 1995, and the final Glen Canyon Environmental Impact Statement is scheduled to be filed with the Environmental Protection Agency in March 1995.

Summarized Financial Data

FY 1995 program	$31,001,000	FY 1996 program	$28,099,000

Upper Colorado River Basin Fund
Colorado River Storage Project
Quality of Water

Arizona, Colorado, New Mexico, Utah, Wyoming

Location This project is located in northern Arizona, western Colorado, northwestern New Mexico, eastern Utah, and southwestern Wyoming.

Description The Colorado River Storage Basin Quality of Water Studies are required by Public Laws 84-485 and 87-590. Congress has directed the Secretary of the Interior to report biennially on the quality of water of the Colorado River Basin. As a result of a directive in the Colorado River Basin Salinity Control Act, Public Law 93-320, the Bureau of Reclamation was given leadership in preparing the report, and coordinates with the U.S. Geological Survey. Studies are made at key points in the Colorado River Basin to evaluate both historical and quality conditions under future levels of development. Water quality stations are monitored at 21 locations by cooperative agreement with the Geological Survey.

The report also documents the Bureau of Reclamation's projections of future water development which are then used to predict salinity and adjust the needs of the Salinity Control Plan. Several reports are based on these projections including the Joint Evaluation Report of the Salinity Control Plan and the Triennial Review of the Salinity Control Standards that is prepared by the Basin States and is required by the Environmental Protection Agency to meet the provisions of the Clean Water Act. All of these reports are prepared cooperatively with the Basin States, Bureau of Reclamation, U.S. Department of Agriculture, U.S. Geological Survey, Environmental Protection Agency, Fish and Wildlife Service, and the International Boundary and Water Commission.

Work continuing Revenues of $250,000 enable the Bureau of Reclamation to continue a monitoring program which evaluates salinity causes, new sources, reductions, and trends in the Colorado River System. Activities include data acquisition and analysis, preparation of status reports, and preparation of the biennial report to Congress.

Summarized Financial Data

FY 1995 program	$250,000	FY 1996 program	$250,000

Upper Colorado River Basin Fund
Colorado River Storage Project
Safety Evaluation of Existing Dams
Arizona, Colorado, New Mexico, Utah, Wyoming

Location The Colorado River Storage Project is located in northern Arizona, western Colorado, northwestern New Mexico, eastern Utah, and southwestern Wyoming.

Description The program of $300,000 provides for continued safety examinations of existing dams and field investigation for modification decision analysis of dams in the Colorado River Storage Project.

Summarized Financial Data

FY 1995 program	$300,000	FY 1996 program	$300,000

Upper Colorado River Basin Fund
Colorado River Storage Project
Seedskadee Participating Project
Wyoming

Location The project is located in the Upper Green River Basin in southwestern Wyoming.

Description The project provides for continued operation and maintenance (O&M) of the Fontenelle Dam, powerplant, and related facilities, including those for the residential community. The reservoir is operated for municipal and industrial water use, power production, flood control, recreation and downstream fishery, and wildlife refuge. The powerplant consists of one generator that produces 10,000 kilowatts of hydroelectric power.

Operation and maintenance activities are performed by the Bureau of Reclamation. Funding of the project is obtained from power revenues and from municipal and industrial water sold to the State of Wyoming, and both are deposited in the Upper Colorado River Basin Fund.

Work continuing Revenues will provide $522,000 for continuing O&M expenses such as personnel costs, materials and supplies, and other contracts and services, and land resources management activities.

Work starting in FY 1996 Revenues also will provide $15,000 for maintenance of the turbine water flow meter.

Changes from FY 1995 The decrease is due to the completion of the roadway repairs, resource management plan and hazardous waste dump surveys. Also funding the Bureau of Land Management for O&M of the recreation areas has been relocated to a recreation program.

Summarized Financial Data

FY 1995 program	$630,000	FY 1996 request	$537,000

OPERATION AND MAINTENANCE
PERMANENT APPROPRIATION
FINANCED PROGRAM

Colorado River Dam Fund
Boulder Canyon Project

Arizona, Nevada

Location

The project is located in southern Nevada and western Arizona.

Description

The project provides for the continuing operation and maintenance (O&M) of Hoover Dam and Powerplant and uprating of the powerplant generating units. Hoover Dam forms Lake Mead, providing flood control, river regulation, fish and wildlife benefits, municipal and industrial water supplies for local and downstream purposes, and major recreational activities for the southwestern United States. The powerplant provides an annual power generation of approximately 4.3 billion kWh of low cost, renewable hydropower which serves various sections of the Southwest and the Nation as a whole. Maximum powerplant capacity totals 2,079 MW.

Work continuing

The request includes $26,010,000 for continuing O&M functions of the project including continuing expenses such as personnel costs, regional and Denver office support services, materials and supplies, water scheduling, and guide service expenses, as well as $12,100,000 for interest and payments to the States of Arizona and Nevada, all of which are required for continued delivery of project benefits. Also included are renovation of a badly deteriorated roadway due to safety concerns; a fire alarm system which will satisfy OSHA requirements, centralize control and provide complete coverage; replacement of an unreliable joint-use microwave system; replacement of thrust bearing coolers which leak when movement occurs; replacement of a marginally operable cooling water eductor system; replacement of dated crane controls and wiring; replacement of corroded piping; replacement of badly cavitated and worn pressure relief valves; detection and handling of hazardous materials; communication test equipment to protect against loss of efficiency or system failures; replacement of control system test equipment due to obsolescence, breakage and technology changes; transportation equipment; and miscellaneous minor equipment.

In addition, $1,043,000 is included to complete the powerplant uprating program to provide an additional 645 MW of capacity.

Work starting in FY 1996

The request includes $1,740,000 for replacements and additions, including replacement of outdated control system components which are difficult to maintain; replacement of existing turbine components, which are cavitated and worn beyond repair capability, to decrease leakage through wicket gates and increase unit efficiency; replacement of obsolete communication system equipment to protect against failure or loss of operating efficiency; replacement of pumps and eductors in central section which are marginally operable; replacement of severely damaged grounding equipment which provides protection to generating equipment; replacement of severely corroded critical equipment for the wastewater treatment facilities; and replacement of worn or unsafe shop equipment.

In addition, $654,000 is included in the request for renovation of uneven walking surfaces which create a safety hazard in the safety island area; renovation of the existing exhibit building to house the security division; and work necessary to comply with the Life Safety Code programs.

Changes from FY 1995

The change is due to increases in interest as a result of placing the Boulder Canyon Project Visitor Facilities into repayment, extraordinary maintenance, O&M, and administrative and general expense; partially offset by decreases in the uprating program and replacements and additions.

Summarized Financial Data

FY 1995 program	$31,716,000	FY 1996 request	$41,547,000

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CONSTRUCTION PROGRAM

The Bureau of Reclamation continues its transition into becoming the premier water resources management agency. Major efforts are underway in water resources and ecosystem management. Reclamation will continue to place increasing emphasis on resources management and protection, and future project development will be oriented towards nonstructural and nontraditional projects. However, there remain several large structural water resource development projects that have been under construction for years. Consistent with budget priorities, it is Reclamation's policy to seek adequate funding to complete these ongoing construction efforts so that project benefits can be realized and project repayment initiated.

FY 1996 Program

Appropriation Financed Projects and Programs

For FY 1996, Reclamation requests **$375,943,000** for the Construction Program. These funds will work toward completing projects, providing benefits, and initiating repayment. Dam safety activities will continue in order to reduce the risk which our structures may present to the public.

The Construction Program is moving away from constructing large civil works projects and moving toward developing innovative water conservation programs, alternative sources of water, and efficient use of limited supplies, and environmental restoration.

During FY 1996, construction will be underway on 32 major projects, a number of smaller projects and programs, and various studies and activities in the Science and Technology program.

Program Highlights

Fish and Wildlife Mitigation and Enhancement

River basin fisheries are being revitalized (e.g. Columbia/Snake River Salmon Recovery, CVP, Delta Division and Shasta Temperature Control Device, Leadville /Arkansas River Recovery) and ecosystems protected (e.g. Endangered Species Conservation and Recovery). The National Fish and Wildlife Foundation (NFWF) Program will implement conservation and environmental enhancement projects. This will expand the productive relationship between the NFWF and Reclamation by leveraging Federal funds with non-Federal cost-sharing from a variety of sources.

Water Reuse

Title XVI of Public Law 102-575 authorized Reclamation to participate in the design, planning, and construction of several water reclamation and reuse projects in partnership with non-Federal entities. Projects in the Los Angeles, San Gabriel, San Jose, and San Diego areas will continue. These projects will be cost-shared, with a minimum of 75 percent of the costs provided by non-Federal partners. The research program also has projects underway to apply techniques for water reuse.

Native Americans

The FY 1996 Proposal includes vital programs in support of Native Americans and their self-determination efforts. The Bureau of Reclamation will provide improved dam safety and significant water and power benefits to Native Americans. Some projects are primarily for the benefit of Indian tribes, such as the Mni Wiconi and Umatilla Projects; others have an essential Indian component, such as the Central Arizona, Dolores, Garrison and Animas-LaPlata Projects. The Indian Water Rights Settlement Program will continue.

Water Quantity and Quality

Many areas of the West, particularly Indian communities, have water supplies that are inadequate for daily use, substandard, and/or unsafe. Reclamation has been directed by several project authorizations (Mni Wiconi, Mid-Dakota, etc) to provide adequate municipal, rural and industrial (MR&I) water supplies. Salinity control projects reduce salt loading in river basins, and provide improved quality water supplies. Desalting research and the New Format for the CRBSCP Title II Division focuses on developing effective salinity control techniques.

Resource Management and Conservation

The new Water Conservation Partnerships program will stimulate practical new ideas to save water. Most ongoing construction projects include water management and conservation components. Reclamation continues its emphasis on water conservation projects, as well as on specific wetlands development. The Recreation Management program authorized by P.L. 102-575 will continue, with widespread use of non-Federal matching funds. The program will restore and upgrade inadequate recreation facilities to meet health, safety, and other codes.

Other Funding

Scarce Federal funds are leveraged by seeking non-Federal cost-sharing, and making agreements with other Federal agencies. In addition to the amount of new funds requested for the Construction Program, **$63,828,500** of up-front cost-sharing will be provided by non-Federal sources, **$12,578,500** in non-cash services, **$169,270,000** for the non-Federal cost-share in the four water reclamation and reuse projects, plus **$615,000** by other Federal agencies for work on Reclamation construction projects. Another **$43,579,000** is planned to come from the Central Valley Project Restoration Fund.

The appropriation request of **$375,943,000** provides for a total scheduled program of **$404,575,000** (new request) which has been reduced by an underfinancing amount of **$-28,632,000.**

Figure 1 in this section illustrates the elements which comprise the FY 1996 funding requirements for the total scheduled program.

The major portion of the total scheduled program requested for the Construction Program, **$337 million,** is required to continue work underway prior to FY 1995. After underfinancing, there is an estimated **$39 million** available to fund new activities under the appropriation request. New activities include new contract awards, land acquisitions, materials and supplies, data collection, and design. Figure 2 in this section shows the total scheduled construction program of $405 million (new request) by percentage composition.

Accomplishment of the FY 1996 Construction Program will improve public safety, and provide additional water and power service for years to come. During 1996, facilities will be completed that will increase municipal and industrial water supplies by 30,000 acre-feet and daily recreation capacity by another 770 visitors. Direct irrigation service will be increased by 7,000 acres and new supplemental water service will be provided to over 42,000 acres. Power generation, water conservation, fish and wildlife mitigation, and salinity control will continue.

The Science and Technology program is aimed at developing innovative and cost effective techniques for improving project operation and maintenance, solving water quality problems, reducing the costs and environmental impacts of water treatment systems, optimizing competing water uses and river basin management, advancing standards for energy and water product efficiency, and demonstrating the potential for groundwater recharge and other technologies.

Summarized Financial Data

Construction Program	Enacted FY 1995	Request FY 1996
Appropriation	$432,727,000	$375,943,000
Application of prior year funds	25,183,807	- -
Non-Federal participation - cash 1/	39,546,000	63,828,500
Other Federal agency participation	2,441,000	615,000
Total obligations	$499,897,807	$440,386,500
Non-Federal participation - services 2/	95,680,500	181,848,500
Total program	$595,578,307	$622,235,000

1/ On the basis of the commitments made between the Bureau of Reclamation and the State of California on June 27, 1994, the Bureau of Reclamation has awarded the contract for construction of the **Shasta Dam Temperature Control Device** (TCD) and is proceeding on an aggressive schedule in order to provide adequate spawning and rearing conditions for Sacramento River fisheries while also generating hydropower at the dam. In accordance with the Central Valley Project Improvement Act in P.L. 102-575, the State of California share of the costs is approximately $20 million. A commitment from the State to provide these funds must be received by March 31, 1995; otherwise Reclamation's budget request will need to be adjusted. A list of offsets in the FY 1996 budget would be identified for reduction in order to ensure payment of contract costs incurred for the Shasta TCD.

2/ Includes $85,500,000 in FY 1995 and $169,270,000 in FY 1996 for 75% non-Federal cost-sharing in water reuse and reclamation projects.

Project Authorizations

All construction activities for FY 1996 can be performed under current authorizations, with the exceptions of the **Central Valley Project (CVP), Trinity River Division**; and the **Colorado River Basin Salinity Control Project (CRBSCP), Title II New Format**.

Appropriation Ceilings

There are six other projects that would require legislation to increase appropriation ceilings before they could be completed as authorized. These are: the **Auburn-Folsom South Unit, the San Luis Unit**, and possibly the **San Felipe Division, CVP**; **Title II Division, CRBSCP**; the **Garrison Diversion Unit, P-SMBP**; and the **Animas-La Plata Project, CRSP**.

As a result of the Office of Inspector General audit on the Hoover Dam Visitor Facilities Program, current policies on the methodology used to calculate appropriation ceilings for Reclamation projects have been revised. Policies and procedures have been established to ensure that individual ceiling components, project units, are indexed, reviewed and reported to Congress as necessary. Appropriation ceilings without specific breakdowns to project units have been divided into major project units and reported accordingly.

Based upon the advice of the Department's Office of the Solicitor, appropriation ceilings are not required to be partitioned unless the authorizing law so specifies. Individual project units are not limited by the partitioned ceilings used in this analysis unless explicitly legislated by Congress. Similarly, appropriated funds for these project units may be legally obligated to continue work without regard to partitioned ceiling calculations if Congress provides funding. However, as a matter of policy, these partitioned ceilings are being calculated and reported to Congress.

Two projects are being reported as exceeding their ceiling calculations, when partitioned by project unit. They are the Central Arizona Project, and the Dolores Participating Project of the Colorado River Storage Project.

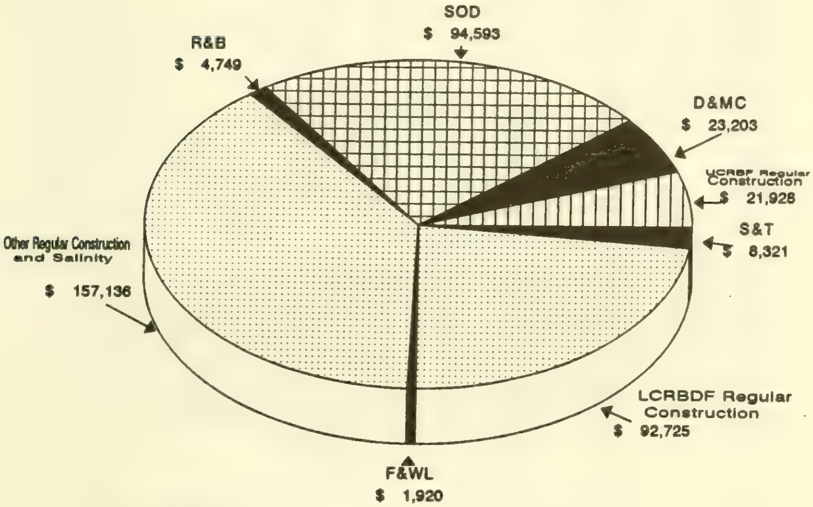
Expenditures-to-date and balance-to-completion costs were divided into separable projects or project units. These estimates were then compared to the portion of the appropriation ceiling which was estimated for the separated project or project units. The estimates by project unit are approximate. Further analysis is required to refine these estimates.

The status of specific project appropriation ceilings is detailed on the individual project data sheets.

FY 1996 CONSTRUCTION PROGRAM

(In Thousands of Dollars)

Total Scheduled Program: $404,575 *



Program by Type of Work

Figure 1

*Represents total Reclamation requirement without the non-Federal and other federal amount ($56,318,000)or the application of Underfinancing($-28,632,000)

CVP Restoration Fund not included.

LCRBDF = Lower Colorado River Basin Development Fund (including CAP).

UCRBF = Upper Colorado River Basin Fund (including Central Utah Project).

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FY 1996 CONSTRUCTION PROGRAM *

(In Thousands of Dollars)

Total Scheduled Program

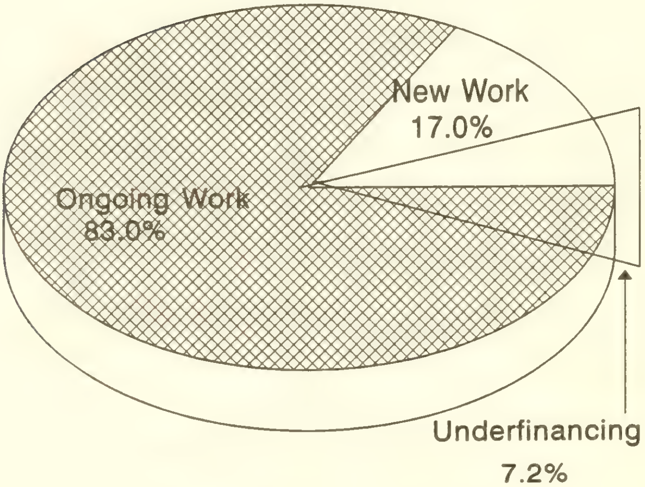

Figure 2

*Illustrates the proportion of new contracts to ongoing construction work without the application of $-28,632,000 of underfinancing.

Restoration Fund excluded.

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BUREAU OF RECLAMATION
CONSTRUCTION PROGRAM
(in thousands of dollars)

Projects	FY 1995				FY 1996		
	New Bdgt Authority	Prior Yr Funds	Non/Other Federal	Total	New Bdgt Authority	Non/Other Federal	Total
Regular Construction:							
Boulder Canyon	3,866	10	0	3,876	0		0
Central Arizona Proj (see also SOD)	*142,767*	*942*	*11,944*	*155,653*	*92,725*	*3,584*	*96,309*
Non-Indian Distrib Systems	0	3		3	0		0
Water Development	110,767	939	11,944	123,650	72,425	3,584	76,009
Navajo Capital Improvements	32,000			32,000	20,300		20,300
Central Valley Project:							
Auburn-Folsom South Unit, CVP	2,137	66	610	2,813	1,357	787	2,144
Delta Division, CVP	4,569	892		5,461	6,500		6,500
Misc. Proj. Prog, w/ Unscreened Diver	8,009	650		8,659	11,869	2,250	14,119
Sacramento River Division, CVP	3,195	503		3,698	875	2,200	3,075
San Felipe, CVP		193		193	664		664
San Joaquin Division, CVP	1,228			1,228	0		0
San Luis Unit, CVP	647	777	521	1,945	800	275	1,075
Shasta Division, CVP	17,679	684		18,363	749	20,000	20,749
Trinity River Restoration Prog, CVP	4,295	593		4,888	5,067		5,067
Colorado River Salinity Control:							
Title I (Incl. Yuma Desalting)	3,011	4		3,015	2,300		2,300
Grand Valley Unit	7,070			7,070	5,799		5,799
Lower Gunnison Basin Stage 1	698	131		829	1,231		1,231
Paradox Valley Unit	2,350			2,350	300		300
Title II New Format	0			0	6,000		6,000
CRSP Construction – Section 5							
Animas-La Plata	6,414	45		6,459	4,879	670	5,549
CUP, Bonneville Unit	13,480	3,995		17,475	13,579		13,579
Dolores Project	2,931	95		3,026	3,470		3,470
Columbia Basin, Irrigation Facilities	4,800	139		4,939	1,698		1,698
Columbia/Snake R. Salmon Recovery	5,600	519		6,119	15,000		15,000
Endangrd Species Conserv/Rec LC	1,454			1,454	2,170	2,170	4,340
Endangrd Species Recovery RN	0			0	170		170
Endangrd Species Recovery UC	5,198	157		5,355	6,373		6,373
Indian Water Rights Settlement	3,175	1,060		4,235	4,357		4,357
Los Angeles Area Waste Water Reuse	8,250	29		8,279	9,300		9,300
Mid-Dakota Project	3,662			3,662	2,500	1,850	4,350
Minidoka, Northside Drainwater	0			0	60		60
Mni Wiconi Project	13,273			13,273	10,500	1,350	11,850
Northern Cheyenne Water Rights		18		18			
National Fish & Wildlife Foundation	0			0	3,255	1,627	4,882
Pick-Sloan Missouri Basin Program:							
Belle Fourche Unit, P-SMBP	2,805			2,805	3,802	1,000	4,802
Garrison Diversion Unit, P-SMBP	29,293			29,293	24,900	3,650	28,550
Lake Andes-Wagner / Marty II	229			229	0		0
San Diego Area Wtr Reclamation	2,500			2,500	2,340		2,340
San Gabriel Basin Water Reclamation	5,000	94		5,094	9,750		9,750
San Jose Water Reclamation & Reuse	1,715			1,715	1,750		1,750
Umatilla Project	8,250	350		8,600	6,700		6,700
Water Conservation Partnerships	0			0	9,000	4,500	13,500
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Subtotal – Regular Construction	319,550	11,946	13,075	344,571	271,789	45,913	317,702
CRSP, Section 8:							
Glen Canyon Dam, Temp Control	0			0	160		160
Animas-La Plata Project	0			0	250		250
Bonneville Unit, CUP	0	4,189		4,189	0		0

BUREAU OF RECLAMATION
CONSTRUCTION PROGRAM
(in thousands of dollars)

Projects	FY 1995				FY 1996		
	New Bdgt Authority	Prior Yr Funds	Non/Other Federal	Total	New Bdgt Authority	Non/Other Federal	Total
Seedskadee	1,189	76		1,265	1,010		1,010
Strawberry Valley		5		5	0		0
Wayne N. Aspinall Unit	764	3		767	500		500
Subtotal: Fish and Wildlife Facil	1,953	4,273	0	6,226	1,920	0	1,920
Bonneville Unit, CUP	1,123			1,123	0		0
Dallas Creek (D&MC)	1,146			1,146	0		0
Subtotal: Recreational Facilities	2,269	0	0	2,269	0	0	0
Rehabilitation and Betterment:							
Milk River, Glasgow Division	178	2		180	0		0
Ogden River	1,508	39	1,135	2,682	975	1,867	2,842
Shoshone	1,556	22		1,578	1,300		1,300
Weber Basin	5,891	5	5,700	11,596	2,474	2,057	4,531
Other Prior Year R&B	0	8		8	0		0
Subtotal – Rehabil. & Betterment	9,133	76	6,835	16,044	4,749	3,924	8,673
Drainage & Minor Construction:							
All American Canal	0		678	678	0	700	700
Boise	0	176		176	510		510
Brantley	0	262		262	650		650
Colo. R. Front Work & Levee System	2,700	2		2,702	1,800		1,800
Costilla Dam Claim	4,827			4,827	0		0
CRSP, Dallas Creek, Section 5	261	31		292	0		0
Cultural Resource Activities	34			34	0		0
Hungry Horse Selective Withdrawal	4,722			4,722	0		0
Klamath	2,243	151		2,394	2,818		2,818
Lake Meredith Salinity Control	0	501	2,220	2,721	100	1,610	1,710
Leadville/Arkansas River Recovery	500	120		620	600		600
McGee Creek	124			124	125		125
Mountain Park	1,500	22		1,522	700		700
Newlands	1,384	498	1,553	3,435	7,250		7,250
Nueces River	156	255		411	105		105
Palmetto Bend	0			0	25		25
Pick–Sloan Missouri Basin Program:							
Bostwick Division, P–SMBP	549			549	0		0
Buffalo Bill Dam Modifications	0	190	980	1,170	0		0
East Bench Unit, P–SMBP	50			50	0		0
Farwell Unit, P–SMBP	210			210	0		0
North Loup Division, P–SMBP	2,773	89		2,862	900		900
Oahe Unit, P–SMBP	92			92	80		80
Owl Creek Unit, P–SMBP	15			15	0		0
Rapid Valley D&MC	335			335	0		0
Recreation Facil @ Existing Reservrs	83	40		123	0		0
Recreation Management, Title 28	6,390	1	6,390	12,781	3,500	3,500	7,000
Tres Rios Wetland Demonstration	0	93		93	500		500
Wetlands Development 1/	5,146	200	258	5,604	2,330	200	2,530
Yakima Fish Passage/Protective Facil	460	51	1,500	2,011	1,210	1,500	2,710
Other Prior Year D&MC		756		756			0
Subtotal – Drainage & Minor Constr	34,554	3,438	13,579	51,571	23,203	7,510	30,713

BUREAU OF RECLAMATION
CONSTRUCTION PROGRAM
(in thousands of dollars)

Projects	FY 1995 New Bdgt Authority	FY 1995 Prior Yr Funds	FY 1995 Non/Other Federal	FY 1995 Total	FY 1996 New Bdgt Authority	FY 1996 Non/Other Federal	FY 1996 Total
Safety of Dams Program:							
CAP, Roosevelt Dam (Salt R. Project)	9,797	32	3,409	13,238	29,411	4,992	34,403
Crooked River, Ochoco Dam	3,625			3,625	6,000		6,000
CVP, O'Neill Dam	0		1,192	1,192			0
Department Dam Safety Program	850	3		853	1,270		1,270
Initiate SOD Corrective Action	10,043	38		10,081	38,175		38,175
Salt River Project:							
Bartlett Dam	12,346		1,618	13,964	8,085	856	8,941
Horseshoe Dam	2,869	1	84	2,954	1,103	51	1,154
Stewart Mountain Dam	887	1	261	1,149	0		0
San Carlos (BIA), Coolidge Dam	5,626	145		5,771	974		974
SOD Corrective Action Studies	2,500	11		2,511	2,500		2,500
Umatilla , Cold Springs Dam	5,892			5,892	5,250		5,250
Yakima, Bumping Lake Dam	2,621			2,621	1,825		1,825
Other Prior Year SOD projects		2,592		2,592			0
Subtotal – Safety Of Dams	57,056	2,823	6,564	66,443	94,593	5,899	100,492
Drought Emergency Work	0	2,296		2,296	0		0
Subtotal – Drought Emergency	0	2,296	0	2,296	0	0	0
Science & Technology:							
Energy & Water Product Efficiency	0			0	450		450
Global Climate Change	525	140		665	0		0
Groundwater Recharge Demo. 2/	2,265	144	834	3,243	771	32	803
Improved River Basin Control	0			0	300		300
Technology Advancement	0			0	300		300
Watershed Modeling Systems Initiative	1,000			1,000	1,000		1,000
Water Treatment Technology	1,566	1	100	1,667	1,700	100	1,800
Water Tech And Environ. Research	2,856	47	1,000	3,903	3,800	1,065	4,865
Subtotal – Science & Technology	8,212	332	1,934	10,478	8,321	1,197	9,518
Total Scheduled Program	432,727	25,184	41,987	499,898	404,575	64,443	469,018
Underfinancing	distributed			0	(28,632)		(28,632)
TOTAL	432,727	25,184	41,987	499,898	375,943	64,443	440,386

Note: 75% non–Federal cost–sharings for Water Reclamation & Reuse projects not shown, as these are considered non–cash.

1/ FY 1995 D&MC, Wetlands Development includes $2,500,000 for Caddo Lake.
2/ FY 1995 Groundwater includes $500,000 for Equus Beds.

[illegible] February 1, 1995

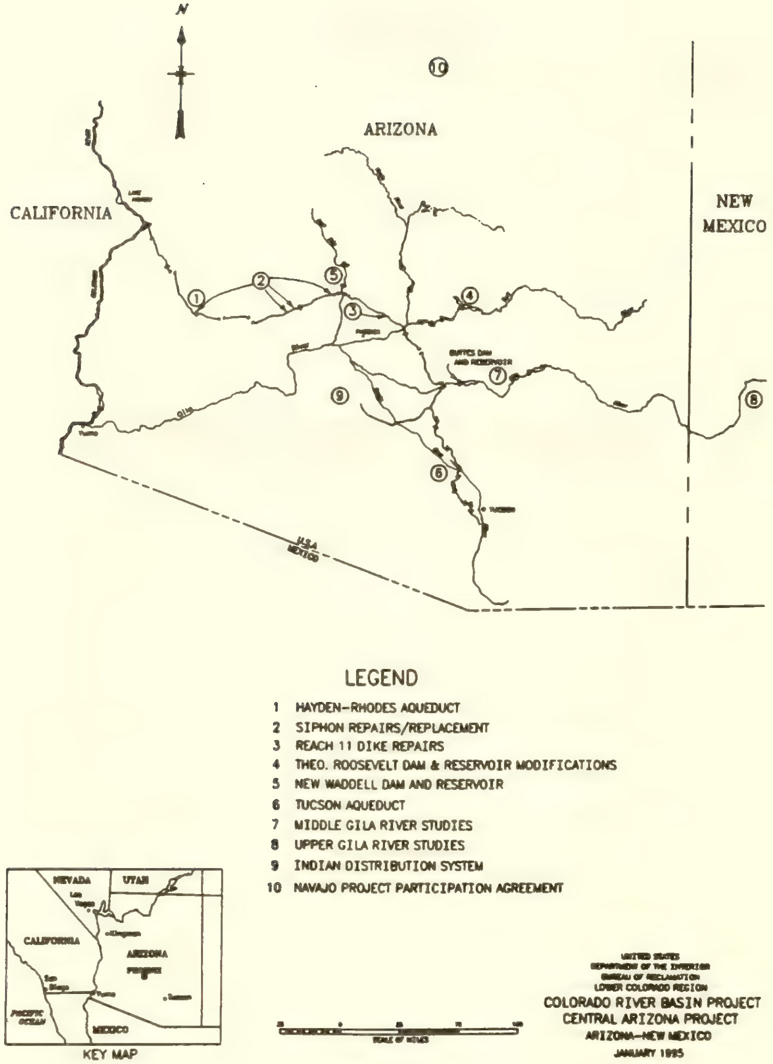
FY 1996 New Contracts of $1.0 Million or More
Total Estimated Cost 1/

(in thousands)

Project and Type of Work	TEC	FY 1996
Animas-La Plata Project		
Relocate Gas Pipeline	6,000	150
Belle Fourche Unit, P-SMBP		
Bridge Structures	1,300	251
Johnson Laterals	1,100	200
Central Valley Project:		
Delta Division		
Construct Temporary Barriers	3,525	450
Miscellaneous Projects Program		
Ecosystem/Water Conservation Study	7,780	1,900
Evaluate Project Operation	1,012	300
San Luis Unit		
Source Control Project	5,575	575
Central Arizona Project		
Gila River Delivery Systems (P.L.92-638 contract)	67,389	2,000
New Waddell Dam Campgrounds	4,800	2,200
New Waddell Dam Remaining Recreation Facilities	4,430	500
Aravaipa Fish Barriers	2,620	1,310
Construct Schuk Toak New Farm (P.L.92-638 contract)	10,867	2,000
Klamath Project, D&MC		
Rehabilitate Sumps 2 and 3	1,440	687
Mid-Dakota Rural Water Project		
Wetlands Development/Protection	2,756	100
Umatilla Project		
Stanfield Relift Pumping Plant	2,000	1,400
Stanfield Branch Canal	1,900	300
Wetlands Development, D&MC		
Effluent Treatment, City of Nogales, Arizona	2,880	180

1/ Total Cost includes non-Federal, other Federal, and Central Valley Project Restoration funds.

REGULAR CONSTRUCTION



LEGEND

1 HAYDEN–RHODES AQUEDUCT
2 SIPHON REPAIRS/REPLACEMENT
3 REACH 11 DIKE REPAIRS
4 THEO. ROOSEVELT DAM & RESERVOIR MODIFICATIONS
5 NEW WADDELL DAM AND RESERVOIR
6 TUCSON AQUEDUCT
7 MIDDLE GILA RIVER STUDIES
8 UPPER GILA RIVER STUDIES
9 INDIAN DISTRIBUTION SYSTEM
10 NAVAJO PROJECT PARTICIPATION AGREEMENT

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
LOWER COLORADO REGION
COLORADO RIVER BASIN PROJECT
CENTRAL ARIZONA PROJECT
ARIZONA–NEW MEXICO
JANUARY 1995

Colorado River Basin Project
Central Arizona Project
Arizona, California, Nevada, New Mexico, Utah

Location The Central Arizona Project (CAP) is located in Maricopa, Pima, Gila, La Paz, Mohave, Yavapai, and Pinal Counties of Arizona; San Bernardino County, California; Clark County, Nevada; Grant County, New Mexico; and Kane and Washington Counties, Utah. The Navajo Power Project is located in Coconino County, Arizona. The transmission lines serve both power and water development portions of the project. They are located in Coconino, Mohave, Yavapai, and Maricopa Counties, Arizona; Kane and Washington Counties, Utah; Clark County, Nevada; and San Bernardino County, California. The Non-Indian Distribution Systems are located in Maricopa, Pinal, Pima, and Yavapai Counties, Arizona. The Safety of Dams work at Roosevelt Dam is located in Maricopa and Gila Counties, Arizona.

Description The project is multipurpose in scope. It will provide a partial replacement water supply to 374,221 acres of irrigable lands (which consists of 314,802 acres of non-Indian agricultural land and 59,419 acres of reservation land) and as much as 906,702 acre-feet of water annually for municipal and industrial (M&I) use. Benefits to recreation and flood and sediment control will be provided (the maximum benefits for recreation and power will be realized upon completion of Regulatory Storage Facilities and for flood and sediment control upon completion of modified Roosevelt Dam). In addition, a power entitlement of 546,750 kilowatts is available to the project through terms of the Navajo Project Participation Agreement.

Authorization Public Law 90-537, September 30, 1968; Public Law 97-373, December 20, 1982; Public Law 95-578, November 2, 1978, as amended by Public Law 98-404, August 28, 1985; Public Law 97-293, October 12, 1982; Public Law 101-628, December 28, 1990.

Land certification The project-wide land certification was completed on April 16, 1973. During project construction, supplemental land certifications were completed on lands not included in the original project-wide certification. On February 16, 1994, supplemental land certifications for the Sacaton Ranch South portion of the Gila River Reservation and the Pascua Yaqui Reservation were completed. The land certification for the Gila River Reservation is scheduled for September 1996. This was delayed from that presented in the FY 1995 Budget Justification to expand the lands certified in accordance with the draft water management plan prepared by the Gila Indian Community. Land certifications for the remaining Indian reservations will be scheduled as required. A supplemental project wide land reclassification for the irrigation districts has been deleted. Supplemental land reclassifications will be re-scheduled on an as needed basis.

Definite plan report To be completed as required.

Central Arizona Project . . . .

Benefit cost ratio as of October 1, 1995 Direct Benefits: 1.3

The ratio was computed by using the authorized interest rate of 3.25 percent. The benefit-cost ratio remained the same as in the 1995 Budget Justifications.

Completion data As of September 30, 1994, the CAP is 81 percent complete. The CAP (Water and Power Development), Safety of Dams portion of Roosevelt Dam, and the Non-Indian Distribution Systems are included in this percent complete. Initial operation of Navajo Generating Station was May 31, 1974. Initial operation of the last (third) generating unit began April 30, 1976. Initial water via the Hayden-Rhodes aqueduct was delivered to the Phoenix metropolitan area in 1985 as scheduled. Initial water delivery was made to users of the Fannin-McFarland Aqueduct and to users in Pinal County in 1986. Initial water delivery to the Ak-Chin Indian Community was made in June 1987. Water deliveries to northern Pima County were made in 1989 and were made to the Tucson area in August 1992.

Water delivery to the central Arizona Indian communities is scheduled according to the following dates: Salt River Pima Maricopa Indian Community, 1995. Notice was given to the Tohono O'odham Nation on September 25, 1992, that the CAP Aqueduct was capable of making canal side water deliveries. The delivery date for San Xavier and Schuk Toak Districts of the Tohono O'odham Nation was established by the Southern Arizona Water Rights Settlement Act (Act). Construction of the reservation delivery systems has been delayed due to difficulties reaching agreement on implementation of the portion of the Act dealing with the San Xavier New Farm and allotees' water rights. Legislation was passed (Public Law 102-497) which extended the completion date from October 10, 1992, to July 12, 1993. Additional legislation may be required to resolve issues relating to full implementation of the Act. The current schedule anticipates completion in 2002. Fort McDowell Indian Community preconstruction activities authorized under the CAP were completed in September 1991. Construction of their delivery system is being accomplished under the Small Reclamation Projects Act, as required by the Fort McDowell Indian Community Water Rights Settlement Act of 1990, Public Law 101-628. Firm water delivery dates to the remaining Indian communities, Chui Chu, Gila River, San Carlos-Apache, Yavapai-Prescott, Pascua Yaqui, Camp Verde, and Tonto Apache will be determined as planning develops.

Water deliveries to the Non-Indian Distribution Systems were made to Harquahala Valley Irrigation District in 1985; Tonopah Irrigation District and Chaparral City Water Company, 1986; and New Magma Irrigation and Drainage District, 1987. Full deliveries were made to Queen Creek, San Tan, and Chandler Heights Citrus Irrigation Districts in 1989. Full deliveries were made to Maricopa-Stanfield and Hohokam Irrigation Districts in 1990. Central Arizona Irrigation and Drainage District was capable of receiving full deliveries in 1992.

Summarized Financial Data

Total Federal obligations			
Reclamation	$4,130,337,350	Allotments to 9/30/94	$3,129,230,728
Other Federal	- 0 -	Allotments for FY 1995	152,564,000
Net property and other transfers			
Federal participation 1/	2,457,000	Allotments to date	$3,281,794,728
Non-Federal participation 2/	327,228,289	Allotments for FY 1996	122,136,000
Adjustments 3/	427,329,019		
Total to be allocated	$4,887,351,658	Balance to complete	$726,406,622

1/ This amount includes $2,529,000 for CAP and -$72,000 for the Non-Indian Distribution Systems.

2/ This amount includes $252,552,000 (includes \$101,732.^{00} non-cash) contributions provided on modified Plan 6 by local entities, $8,000,000 for recreation provided by Maricopa County, $63,745,289 for non-cash contributions provided by the repayment entities for the Non-Indian Distribution Systems, $985,000 advanced by the state of Arizona for advance planning work, $862,000 provided by Maricopa County for Castle Hot Springs Road, $700,000 provided by Salt River Project for Roosevelt Dam powerplant, and $300,000 contributed by the state of New Mexico for drilling at Conner damsite. The city of Tucson's contribution of $84,000 for the Tucson Pipeline is also included.

3/ Represents interest during construction which includes $84,500 reimbursable M&I for the Non-Indian Distribution Systems for Chaparral City Water Company and Queen Creek Irrigation District and on the Lower Colorado River Basin Development Fund (LCRBDF) $269,384,519 is for M&I, $156,270,000 for commercial power, and $1,590,000 for recreation. The adjustment increased $7,117,019 from that shown in the FY 1995 Budget Justifications due to an increase in project costs assigned to the M&I and Power (interest-bearing) portions of the project.

Central Arizona Project . . . .

Analysis of Costs		Allotments	LCRBDF1/	Non-Indian2/	Safety of Dams3/
Federal obligations					
LCRBDF	$3,748,345,000	Allot. to 9/30/94	$2,793,553,045	$242,000,350	$93,677,333
Non-Indian Distrib System	242,000,350	Allot. for FY 1995	142,767,000	0	9,797,000
Safety of Dams	139,992,000	Allot. to date	2,936,320,045	242,000,350	103,474,333
Net property & other transfers					
Federal participation	2,457,000				
Non-Federal participation	327,228,289	Allot. required	92,725,000	0	29,411,000
Adjustments	427,329,019				
Total to be allocated	$4,887,351,658	BTC after FY 1996	$ 719,299,955	0	$7,106,667

1/ Represents total Federal obligations financed under authority of section 309(a), Public Law 90-537, Colorado River Basin Project Act. LCRBDF - Lower Colorado River Basin Development Fund.

2/ Represents total Federal obligations financed under authority of section 309(b), Public Law 90-537, Colorado River Basin Project Act, as amended by Public Law 97-373.

3/ Represents total Federal obligations financed under authority of Public Law 95-578, Safety of Reclamation Dams Act, as amended by Public Law 98-404.

Project Cost Allocation

Allocation	FY 1995 estimate	FY 1996 estimate
Irrigation 1/	$1,226,599,000	1,217,303,000
Power	777,814,000	791,870,000
Municipal & industrial water	1,450,846,000	1,438,015,519
Recreation	125,585,000	131,339,000
Flood control	110,908,000	113,058,000
Safety of Dams 2/	164,243,000	163,549,000
Non-Indian Dist. Systems 3/	308,244,508	305,758,139
Indian Distribution Sys. 4/	- 0 -	275,910,000
Other 5/	444,944,000	96,014,000
Unallocated costs 6/	308,942,000	354,535,000
Total	$4,918,125,508	$4,887,351,658

1/ Includes $827,807,000 for costs allocated to Indian irrigation which is eligible for deferral under the Leavitt Act and $389,496,000 which is allocated to non-Indian irrigation and is reimbursable.

2/ Allocation of Safety of Dams cost to the various functions as required by Public Laws 95-578 and 98-404, is not necessary. In accordance with the local funding agreement for the Plan 6 features of the CAP, the Salt River Project will provide funding for its share of the agreement. That obligation is 15 percent of the reimbursable costs associated with Safety of Dams.

3/ Includes all costs associated with the Non-Indian Distribution Systems. These costs are not allocated as part of the CAP allocation procedure but are assigned directly to the entities constructing and repaying these facilities. Systems include those for municipal use, $4,041,000 and 10 irrigation districts, $301,717,139.

4/ Includes $275,910,000 for Indian Distribution Systems. Indian water may be used for irrigation, domestic, municipal, and industrial purposes on the reservations in accordance with the Secretary's Decision published March 24, 1983. These costs were included as Other in the 1995 estimates.

5/ Includes nonreimbursable costs of $29,661,000 for cultural resources as authorized under Section 7 of the Archeological & Historic Preservation Act of 1974 (P.L. 93-291), $3,500,000 for Pima County flood and erosion control near the City of Marana and $56,853,000 nonreimbursable siphon repair costs as authorized under Title XXXIX of Public Law 102-575. Also, includes prepaid costs of $985,000 for the State of Arizona, $963,000 for contributed investigation costs, $901,000 for the Colorado River Division studies, $862,000 from Maricopa County, Arizona, $700,000 from Salt River Project for Reclamation to evaluate increasing power generation at Roosevelt, $300,000 from the State of New Mexico, $84,000 from the City of Tucson for the Tucson pipeline, and $1,205,000 for Indian Roosevelt Water Storage as required by Section 4(a) of the Salt River Pima-Maricopa Indian Community Water Rights Settlement Act (P.L. 100-512).

6/ Includes costs of $312,732,000 for the Middle Gila Division and Upper Gila Division which will be allocated when all the beneficiaries and repayment entities are identified and functions determined. Also includes $41,803,000 for the Drainage Division. Construction of these features has been deferred indefinitely. The Drainage Division was included under the Other Allocation in the 1995 Justifications.

Cost allocation methodology

The same methodology that was used in the FY 1995 Budget Justifications will continue to be used until Stage 2 is placed into repayment in October 1996. At that time, assumptions and procedures used for the Cost Allocation will be revised and updated for all components of repayment.

Explanation	Amount of Change
Central Arizona Project Water Development:	
Interest During Construction	$ +7,032,519
Indexing	+12,256,000
Revised Estimates	
Tucson Reliability	-35,942,000
Hayden-Rhodes	-19,063,000
Other Project Costs	+8,800,000
Navajo Participation	+8,044,000
Indian Distribution Systems	+7,387,000
Tucson Division	+7,173,000
Regulatory Storage	+3,467,000
Remaining Divisions	+2,421,951
Permanent Operating Equipment	+1,000,000
Completed Work	-27,376,000
Bids Lower Than Estimate	-2,793,951
Subtotal	$ -27,593,481
Non-Indian Distribution Systems:	
Completed Work	$ -2,570,869
Interest During Construction	$ +84,500
Subtotal	$ -2,486,369
Safety of Dams-Roosevelt:	
Revised Estimates	$ -694,000
Total	$ -30,773,850

The decrease in revised estimates on the Tucson Reliability is primarily due to identification of a preferred alternative for the structures and site . The estimated cost of repairs to Hayden-Rhodes siphons decreased as actual construction costs are less than estimated. The pre-bid estimate for Agua Fria siphon has also been reduced. The increase to Other Project Costs is due to higher estimates for maintenance during construction of the recovered archeological artifacts. This increase is partially offset by reduced estimates for the mitigation of fish importation impacts on the Gila River basin. Increased estimates for the Navajo scrubbers are based on contracts awarded this year and completed designs for future contracts. The increase in estimates for the Indian Distribution System is due primarily to revised estimates for the Gila

River Reservation. The increase in operations and maintenance during construction and repair of deficiency items increased the cost of Tucson aqueduct. The increased estimates for Regulatory Storage are due to refined designs for the relocation and development of New Waddell's recreation facilities. Permanent Operating Equipment increased as a result of additional equipment planned for operation of Waddell than previously estimated. Indexing for the deferred features and Indian Distributions Systems increased the overall project estimate. The decrease due to completed work resulted from the agreement between the Plan 6 Cities, CAWCD, Hohokam Irrigation and Drainage District (HIDD) and Reclamation to assign HIDD's water and most of HIDD's distribution system debt to the cities. This agreement resulted in a savings by meeting the government's Plan 6 obligation to the cities for Cliff Dam replacement water, without incurring any construction or water right costs. The low bid for subsidence repairs at Tucson further offsets increases elsewhere in the project. The decrease in non-Indian distribution systems is the result of an audit of allowable non-cash contributions for Hohokam, Queen Creek and Tonopah Irrigation Districts.

The allocations for FY 1996 have been revised to incorporate the changes in total costs. The following is a summary of impacts on individual allocations:

Irrigation decreased $9,296,000 due to decreased irrigation separable costs, principally related to decreased costs for the main aqueduct systems.

Power increased $14,056,000 due to a relatively higher justifiable expenditure for power which increased joint project costs allocated to power and increased the interest during construction.

Municipal and Industrial Water decreased $12,830,481 due to decreased M&I separable costs, primarily related to decreased costs in Tucson Reliability.

Recreation increased $5,754,000 due to increased joint project costs at New Waddell and Tucson Reliability allocated to recreation.

Flood Control increased $2,150,000 due to increased separable project costs at Hayden-Rhodes and Regulatory Storage allocated to flood control.

Safety of Dams decreased $694,000 due to decreases in the construction costs and cultural resource costs of Modified Roosevelt Dam.

Non-Indian Distribution Systems decreased by $2,486,369 for the amount of interest during construction computed for the M&I components and reduced non-cash contributions.

Indian Distribution Systems is a new allocation line. Indian Distribution Systems was previously included in Other. Costs increased from the 1995 estimates $12,692,000 primarily due to increases for the Gila River Reservation for cultural resources, Sacaton Ranch South construction and indexing.

Other decreased $348,930,000 due primarily to the completion of Cliff Dam Replacement Water and removing costs for Indian Distribution Systems and the Drainage Division from Other. In addition, cost estimates for the nonreimbursable siphon repair and cultural resources decreased. Other costs are not allocated to project functions.

Unallocated Costs increased $45,593,000. The increase is mainly due to removing Drainage Division from Other. The costs of all the deferred features increased due solely to indexing. These costs cannot be allocated unless the beneficiaries and repayment entities are identified and functions determined.

Project Repayment

Repaid by	Amount
Irrigators 1/	$ 24,840,000
Power 1/	710,467,000
Municipal & industrial water 1/	979,570,519
Ad valorem 1/	652,867,000
Other 2/	257,149,850
Non-Federal contributions 3/	360,935,289
Deferred/Leavitt Act 4/	827,807,000
Nonreimbursable 5/	719,180,000
Unallocated Cost Repayment 6/	354,535,000
Total	$4,887,351,658

1/ Of the amount scheduled to be repaid by **Irrigators, Power, M&I Water**, and through **Ad Valorem** payments, $2,050,446,000 is covered by an existing contract with the Central Arizona Water Conservation District (CAWCD), $195,298,519 remains to be added under a future amendment to CAWCD's contract and $122,000,000 will be repaid under the Navajo Layoff Contracts.

2/ **Other** amounts consist of reimbursable costs to be repaid by entities other than the CAWCD and Navajo Project layoff contractors: recreation, $15,137,000; Non-Indian Distribution Systems, $242,012,850 which includes the Harquahala Valley and Hohokam Irrigation and Drainage Districts. Harquahala's repayment debt was extinguished by relinquishing their water rights in December 1992. Hohokam's was reassigned to the central Arizona cities to satisfy their Cliff Dam replacement water in December 1993.

3/ **Non-Federal Contributions** consist of State and other governmental entities contributions. The amount of allocated costs which have been contributed by non-Federal entities is Arizona, $985,000; New Mexico, $300,000; the Non-Indian Distribution Systems entities, $63,745,289; Salt River Project for Roosevelt Dam Powerplant, $700,000; City of Tucson for Tucson Pipeline, $84,000; Maricopa County for Castle Hot Springs Road, $862,000; Maricopa County for recreation, $8,000,000; and Plan 6 entities, $252,552,000 (contributed by CAWCD, $175,000,000; Arizona cities, $42,695,000; Salt River Project for Safety of Dams at Roosevelt Dam, $23,557,000; Maricopa County Flood Control District, $11,300,000); and interest during construction credit for interest bearing functions of the contributions, $33,707,000.

4/ The amount of costs allocated to Indian irrigation which is eligible for deferral under the **Leavitt Act**. The Leavitt Act permits repayment to be deferred as long as the land is in Indian ownership and repayment is within the land's repayment capability.

5/ The **Nonreimbursable** costs include Safety of Dams, $139,992,000; Colorado River Division, $901,000; Indian Distribution Division, $275,910,000; recreation, $108,827,000; flood control, $101,368,000; Pima County flood and erosion control, $3,500,000; cultural resources, $29,661,000; contributed investigation costs, $963,000, and siphon repair costs, $56,853,000; and Indian Roosevelt Water Storage $1,205,000.

6/ **Unallocated Cost Repayment** includes costs of $312,732,000 for the Middle Gila Division and the Upper Gila Division which cannot be allocated unless the beneficiaries and repayment entities are identified and functions determined and $41,803,000 for reuse of effluent under the Drainage Division. Construction for these features has been deferred indefinitely.

Status of repayment contracts

The repayment contract with CAWCD was executed on December 15, 1972, and validated on May 24, 1983. An amended contract with the District was executed on December 1, 1988, and validated on January 7, 1991. Notice of completion was issued to the CAWCD placing Phase I of the Lower Colorado River Basin Development Fund portion of the project into repayment, effective October 1, 1993. Reclamation and CAWCD are currently having discussions on the interpretation of the existing repayment ceiling and options to cover the remaining reimbursable costs. Resolution of these issues through amendment of the repayment contract or other means is anticipated by June 1995. An amended repayment contract could be validated by September 1996. Construction contracts of about $25 million could be delayed if ongoing negotiations on master repayment contract issues are not concluded in a manner acceptable to the Secretary.

Repayment contracts with the Indian Communities must be executed before they are eligible for deferment under the Leavitt Act. The Gila River Indian Community (GRIC) is dividing their obligation into phases to expedite construction. The repayment contracts are scheduled to be executed as follows: Sacaton Ranch, March 1995; Phase 1, October 1995; Pima Canal and the master contract for the remaining GRIC facilities, December 1996. The repayment contracts for the remaining Indian Distribution System will be determined as required.

Construction of the Non-Indian Distribution System has been accomplished under Section 9(d), Reclamation Act of 1939. Ten **Non-Indian Distribution System repayment contracts** have been executed and validated. The repayment contracts for Maricopa-Stanfield Irrigation and Drainage District, Central Arizona Irrigation and Drainage District, and New Magma Irrigation and Drainage District were executed on November 21, 1983, and validated on November 23, 1983. The Harquahala Valley Irrigation District contract was executed January 6, 1984, and validated on April 26, 1984; Chaparral City Water Company contract was executed December 6, 1984, and validated on March 25, 1985; Hohokam Irrigation and Drainage District contract was executed on April 4, 1985, and validated August 13, 1985; Chandler Heights Citrus, San Tan and Queen Creek Irrigation Districts contracts were executed December 30, 1985, and validated February 14, 1986; Tonopah Irrigation District contract was executed April 8, 1985, and validated July 24, 1985.

On December 3, 1992, the distribution system repayment contract with the Harquahala Valley Irrigation District (HVID) was extinguished. The contract was amended to discharge HVID's repayment obligation. The 13,933 acre-feet of HVID's water was committed for the Fort McDowell Indian Water Rights Settlement Act. The remaining acre-feet may be used by the Secretary of the Interior (Secretary) for other purposes including Indian water rights settlements.

On December 21, 1993, the Hohokam Irrigation and Drainage District (HIDD) signed an agreement with the cities of Chandler, Mesa, Phoenix, and Scottsdale; CAWCD; and Reclamation to assign its CAP agricultural water to these cities. This fulfilled the United States obligations to secure Cliff Dam replacement water for the cities as required by Congressional actions on Plan 6. The agreement also requires the cities to pay for the HIDD distribution system Federal indebtedness.

On January 18, 1994, the New Magma Irrigation and Drainage District declared Chapter 9 bankruptcy after Reclamation rejected the District's proposal to restructure the District's repayment obligation for construction of its CAP water distribution system. Reclamation had directed that water deliveries to the District be terminated because of the arrearage. The bankruptcy filing resulted in a judicial stay which directed Reclamation to continue water delivery to the District. On May 27, 1994, Reclamation filed a proof of claim against the District.

The Central Arizona Irrigation and Drainage District (CAIDD) failed to make its February 1, 1994, distribution system payment. On August 12, 1994 CAIDD filed Chapter 9 bankruptcy. Reclamation has submitted claims to the bankruptcy court.

Irrigation investment per acre

Summary of Irrigation Investment

Total irrigation investment/acre	$3,253
Repayment of irrigation investment per acre by	
Irrigators	66
Power revenues, M&I Users, Ad valorem taxes	975
Indian irrigation (deferred)	2,212
Payment capacity per acre and/or acre-foot	
Annual charges (per acre-foot)	$71.00
Construction	2.00
Operation and Maintenance	69.00

Status of NEPA compliance

Project-wide - Final filed September 26, 1972. Additional activity-specific NEPA compliance documents were completed on all project activities prior to implementation. Current NEPA compliance activities include the draft environmental impact statement (EIS) for Tucson Aqueduct Reliability, which is scheduled to be completed in March 1995 and the final in March 1996. This delay of six months for the draft is due to the revision of the site location. The Finding of No Significant Impact for the Pascua Yaqui Tribes' irrigation system, delayed due to identification of arable lands which will receive CAP water, is scheduled to be completed in January 1996. The draft EIS for the Gila River Indian Community (GRIC), District 1 is scheduled for October 1995 and the final in October 1996. The draft EIS for the remainder of the GRIC's distribution system is scheduled for December 1995 and the final in December 1996. The NEPA compliance schedules for the remaining portions of the Indian

Distribution Division will be determined as required. NEPA compliance for the Middle and Upper Gila River Divisions has been indefinitely deferred.

Other information

Funds to initiate **preconstruction planning** on the CAP were appropriated in FY 1970 and construction began in FY 1971. Funds were also appropriated in FY 1970 to cover the initial liquidation of the contract authority for the Navajo Project Participation Agreement power development features. Funds to initiate preconstruction planning on the Non-Indian Distribution Systems were appropriated in FY 1982, and construction began in FY 1984. Funds to initiate preconstruction work on Safety of Dams at Roosevelt Dam were appropriated in FY 1986 and construction began in FY 1987.

The **final notice of allocation of project water for Indian irrigation use** was published in the Federal Register on October 18, 1976. On December 1, 1980, the Secretary announced a modified allocation and raised the Indians' priority for receiving water. The modified allocation increased the amount of project water previously allocated Indian irrigation to 309,828 acre-feet and provided that during water shortage years the Indian tribes' irrigation allocation will be reduced 10 percent and any remaining shortage will be shared on a pro rata basis by the Indian and M&I water users. The allocation also would allow M&I water users to substitute other water in exchange for a portion of the Indians' CAP water allocation. Ten contracts providing water to 12 Indian communities have been executed.

The Secretary approved the allocation of project water to non-Indian irrigation users and M&I water users on February 10, 1983.

The **water service subcontract form** was approved by the Secretary in July 1983 and by the CAWCD in November 1983. Ten of the 15 non-Indian irrigation allottees have signed subcontracts. This represents 71 percent of the non-Indian irrigation water. Sixty-six of the 71 M&I allottees have signed subcontracts. These subcontracts represent 558,511 acre-feet or 87 percent of the M&I water allocation. In March 1991, the State of Arizona provided recommendations to the Secretary for uncontracted water. On February 5, 1992, the Secretary published in the Federal Register the final notice reallocating 29.3 percent of the project water supply which was allocated to non-Indian agricultural uses, but not yet contracted. Draft contracts were developed by Reclamation but never offered due to independent and unapproved contract actions taken by CAWCD. The Arizona Department of Water Resources has made its recommendation to the Secretary for reallocation of the uncontracted M&I water. The Secretary's use of the remaining uncontracted water is one of the topics being addressed by Reclamation and CAWCD in their repayment ceiling discussions.

As the requirement for agricultural water has decreased, an increasing number of applicants have requested water service subcontracts for M&I uses. This reflects the change in the Arizona economic base from rural agricultural to urban industrial. As these M&I contracts are signed, municipalities will be seeking, through various authorities, to participate with the government in funding work to connect their water systems to the CAP. During 1993, M&I

water service subcontracts were executed with the towns of Nogales and Globe, the City of Peoria, the Camp Verde Water System, Cottonwood Water Works, Cyprus Miami Mining Co., E&R Water Company, Magma Copper Company, Maricopa County Parks and Recreation, Mayer Domestic Water Improvement District, and Rio Rico Utilities. Williams Air Force Base assigned its water allocation to the City of Mesa.

As originally authorized, the **Regulatory Storage Division** included Orme Dam and Reservoir which was later replaced by Plan 6. Cliff Dam was deleted from Plan 6 in June 1987, by mutual agreement with the State, the Secretary, Congressional, and environmental interests.

Federal and local officials **executed an agreement on local funding for Plan 6** on April 15, 1986. The proposal requires non-Federal parties to contribute funds of approximately $253 million (October 1995 dollars) to the United States to expedite the construction of Plan 6 and to ensure the timely completion of all CAP features. This funding excludes approximately $14 million of Safety of Dams funding for work at Stewart Mountain, Horseshoe, and Bartlett Dams. The entities contributing funds under the agreement include: CAWCD; Maricopa County Flood Control District; Salt River Project Agricultural Improvement and Power District and Salt River Valley Water Users Association; and the cities of Chandler, Glendale, Mesa, Phoenix, Scottsdale, and Tempe. Local funds first became available under the agreement in August 1986. All non-Federal parties continue to contribute their funds on schedule. The funding agreement was amended in October 1987, to reflect the deletion of Cliff Dam from Plan 6. On December 21, 1993, the funding agreement was amended to reassign the water rights and repayment obligation of the Hohokam Irrigation and Drainage District to the Plan 6 cities to satisfy their Cliff Dam water entitlement. The Plan 6 agreement will be further amended to reflect the deletion of Verde River flood control and the changes in the Safety of Dams program on the Verde River.

On September 18, 1991, the Environmental Protection Agency (EPA) approved a ruling that formalized the agreement that had been negotiated among the EPA, environmental groups, and owners of the Navajo Generating Station over visibility degradation pollution. This resulted in an agreement to install sulfur dioxide scrubbers at the plant. The project's share of the estimated construction cost of installing the scrubbers is approximately $130 million. The scrubbers will be installed and operational by 1999.

The CAWCD submitted a tort claim and filed a civil action against the United States on January 24, 1992, in the amount of $146.7 million for breach of contract due to the cost associated with repair and replacement of the corrosion damaged siphons. The Court of Federal Claims dismissed, without prejudice, the claims on December 14, 1992. The tort claim remains pending. Title XXXIX, Siphon Repair and Replacement, of Public Law 102-575, made 50 percent of the siphon repair costs nonreimbursable. Concurrent with the claims filed against the United States, similar claims were filed by the CAWCD against the original contractors and subcontractors of the siphons. The case was dismissed on September 13, 1994 because CAWCD was not a party to the contract. Reclamation studies determined that the primary cause of the siphon deterioration was defective wire used to reinforce the concrete pipe. On November 3, 1992, Reclamation issued a show cause letter to the original siphon contractor giving him until January 29, 1993, to submit a plan to resolve all issues. The contractor has denied responsibility. Reclamation has proceeded with the siphon repairs and will pursue compensation from the contractor upon completion of the two initial siphon replacements, which is scheduled for 1995.

On April 20, 1994, the U.S. Fish and Wildlife Service (FWS) issued their final Biological Opinion on the transportation and delivery of CAP water to the Gila River basin. The opinion concluded that long-term deliveries of CAP water would jeopardize the continued existence of four native threatened or endangered fish species. Reclamation agreed to implement measures identified as reasonable and prudent by FWS, which will avoid the jeopardy. The measures include construction of fish barriers, public education programs, and funding for research and conservation actions.

Ongoing contract negotiations with the CAWCD is described under the Status of Repayment Contracts section, above.

Appropriation ceiling

Appropriations authorized are $3,447,822,000 (October 1995). The comparable Federal obligation is $3,743,325,000 which exceeds the appropriation ceiling by more than the amount of contingencies included in the obligation. Legislation to provide additional appropriation ceiling would be needed to complete the total project as authorized. Current estimated commitments with the indefinite deferral of the Upper Gila Division, Middle Gila Division, and Drainage System are within the existing ceiling.

In response to the Office of the Inspector General audit recommendations to index the appropriation ceiling by project unit in its review of the Hoover Visitor Facilities Program, the CAP ceiling has been reexamined and re-estimated by division. These divisions are the Hayden-Rhodes (Granite Reef) Division, Regulatory Storage (Orme) Division, Fannin-McFarland (Salt-Gila) Division, Tucson Division, Navajo Project, Upper and Middle Gila (Gila River) Divisions, Transmission Division, Indian Distribution System, Drainage System, Colorado River Division, Permanent Operating Facilities (General Property), and the Drainage System. Construction on the Upper and Middle Gila River Divisions and the Drainage System has been indefinitely deferred.

The fiscal year 1996 Budget requests $92,725,000 (October, 1995) for the CAP. The estimated future cost to complete work on all non-deferred divisions is $375,010,000. Expenditures for work on four CAP divisions have exceeded the divisional indexed appropriation ceiling. The fiscal year 1996 request includes $16,458,000 for the Regulatory Storage Division, $5,255,000 for Tucson Aqueduct, $20,300,000 for Navajo Project, and $12,552,000 for Indian Distribution in excess of the individually indexed ceilings.

Appropriations for Non-Indian Distribution Systems authorized by Section 309(b) of Public Laws 90-537 and 97-373 are $344,693,000

(October 1995). The comparable Federal obligation is $242,000,350. This authorization is adequate to cover the project as currently proposed.

Appropriations for the Safety of Dams Act portion of Roosevelt Dam are authorized by Public Laws 95-578 and 98-404. Total Federal obligations are estimated to be $139,992,000 (Oct 1995 prices) for Safety of Dams work. The present authorized ceiling for Safety of Dams is adequate to cover this work as presently planned.

Based upon previous Solicitor's opinions, appropriation ceilings are not required to be partitioned unless the authorizing law so specifies. In the case of the CAP, the authorizing law does not. Similarly, appropriated funds for these projects may be legally obligated to continue work without regard to partitioned ceiling calculations if Congress provides funding. However, as a matter of policy these partitioned ceilings are being calculated and reported to Congress.

The estimates used for the ceiling computation by the separate CAP divisions are approximate. Further analysis is required to refine these estimates.

Work proposed for FY 1996

WATER DEVELOPMENT

Hayden-Rhodes Division - Work will continue on the Agua Fria siphon replacement, related mitigation, and testing and furnishing impellers for Havasu pumping plant. Work to be completed consists of contracts for the signal processing system, the Centennial siphon steel liner, and the repair of the reach 11 dike. The recreation grant will also be completed.

$32,283,000

Regulatory Storage Division - New awards for New Waddell Dam include relocation of the Lake Pleasant campgrounds, and various Maricopa County recreation facilities. Awarded and completed for Waddell Dam will be site improvements at the Maricopa County Operations Center building, wildlife fencing, riparian revegetation and hazardous waste disposal of private property at Lake Pleasant. New contracts at Roosevelt Dam include relocation of the 115kV transmission line and the 22kV distribution line. Also included in new awards for Roosevelt Dam are removal of vacated facilities, "as built" drawings for Salt River Project, and post construction revegetation. All new awards at Roosevelt Dam will also be completed during FY 1996.

Ongoing work at New Waddell Dam includes the relocations of Maricopa County facilities including the Outdoor Center, Desert Tortoise Campgrounds, and Maricopa County and Lake Pleasant electrical utilities. Work will also continue on the Cooks Lake mitigation improvements, stream gaging program, fish and wildlife coordination, and mitigation activities including bald eagle and eagle nest surveys. Ongoing contracts at Roosevelt Dam include recreational development, the platform mound archeological study, the contract for traveling museum exhibits, as well as fish and wildlife coordination activities including Tonto Creek riparian monitoring and enclosures.

Central Arizona Project . . . .

Work to be completed at New Waddell Dam includes construction of the north entry and right abutment roads, relocations of various Maricopa County park interim facilities and the maintenance yard, installation of an overlook water line and work on the Roadrunner Campground. Work to be completed at Roosevelt Dam includes modifications to the dam, turbine replacement, the contract for archeological services and the flood control operation manual.

$16,458,000

Fannin-McFarland Division - Work to be completed consists of the Reach 4 drainage protection modification contract.

$1,040,000

Middle Gila River Division - Activities are limited to maintaining stream gaging and coordinating with constituents when requested. Preconstruction and construction activities have been indefinitely deferred.

$52,000

Upper Gila River Division - Activities are limited to coordinating with constituents when requested. Preconstruction and construction activities have been indefinitely deferred.

$30,000

Tucson Division - Ongoing work includes, cultural resources studies, fish and wildlife activities, lands and rights studies, and other preconstruction activities for Tucson Reliability. Funds to initiate final design activities are included, subject to a decision on construction following completion of the NEPA process. Work will be completed on the Tucson Aqueduct cathodic protection systems contract.

$6,512,000

Indian Distribution Division - New awards are for the Gila River Indian delivery system and environmental data collection; for the Yavapai/Prescott and Tonto/Apache environmental investigation activities, and for the Tohono O'Odham construction of the Schuk Toak new farm system. Ongoing work includes Gila River stream gaging; administration of the design and water conservation management plan contract with the Gila River Indian Community (GRIC), Sacaton Ranch South, land acquisition, fish and wildlife mitigation and cultural resource activities for GRIC. Minor preconstruction activities continue for the remaining Indian systems. Work completing includes the design and environmental monitoring contracts for Schuk Toak new farm system.

$12,552,000

Drainage System - Activities are limited to coordinating with constituents when requested. Preconstruction and construction activities have been indefinitely deferred. **$10,000**

Permanent Operating Facilities - Ongoing work includes the acquisition of maintenance equipment for Regulatory Storage.

$660,000

Service Facilities, Depreciation, and Salvage - Provides for the purchase of automotive, work, and office equipment which is partially offset by depreciation and salvage charged annually to the project feature.

$430,000

Other Project Costs - New awards are for limnology monitoring, Aravaipa fish barriers, Santa Cruz riparian and Agua Fria Wetlands enhancement projects. Ongoing work includes the Single Purpose Study for the cost allocation, the canal vegetation studies, the cultural resource curation contract and the fish monitoring program. Work completing includes artifact storage rental, the native fish public information program, and both the nonnative fish eradication and native fish conservation programs.

$ 8,082,000

SUBTOTAL - WATER DEVELOPMENT 1/ $78,109,000

1/ Of this amount, about $25 million is for construction contracts which could be delayed if ongoing negotiations on master repayment contract issues are not concluded in a manner acceptable to the Secretary.

POWER DEVELOPMENT

Navajo Project Participation Agreement - Work to provide the Government's share of the sulfur dioxide scrubbers and the capital additions to the Navajo Generating Station and the associated transmissions system will continue.

$20,300,000

Non-Federal Cash Participation - For water and power development activities.

$ -3,584,000

Non-Federal non-Cash Participation - For recreation development at Lake Pleasant Regional Park located at New Waddell Dam.

$ -2,100,000

TOTAL - LOWER COLORADO RIVER BASIN DEVELOPMENT FUND

$92,725,000

SAFETY OF DAMS DIVISION

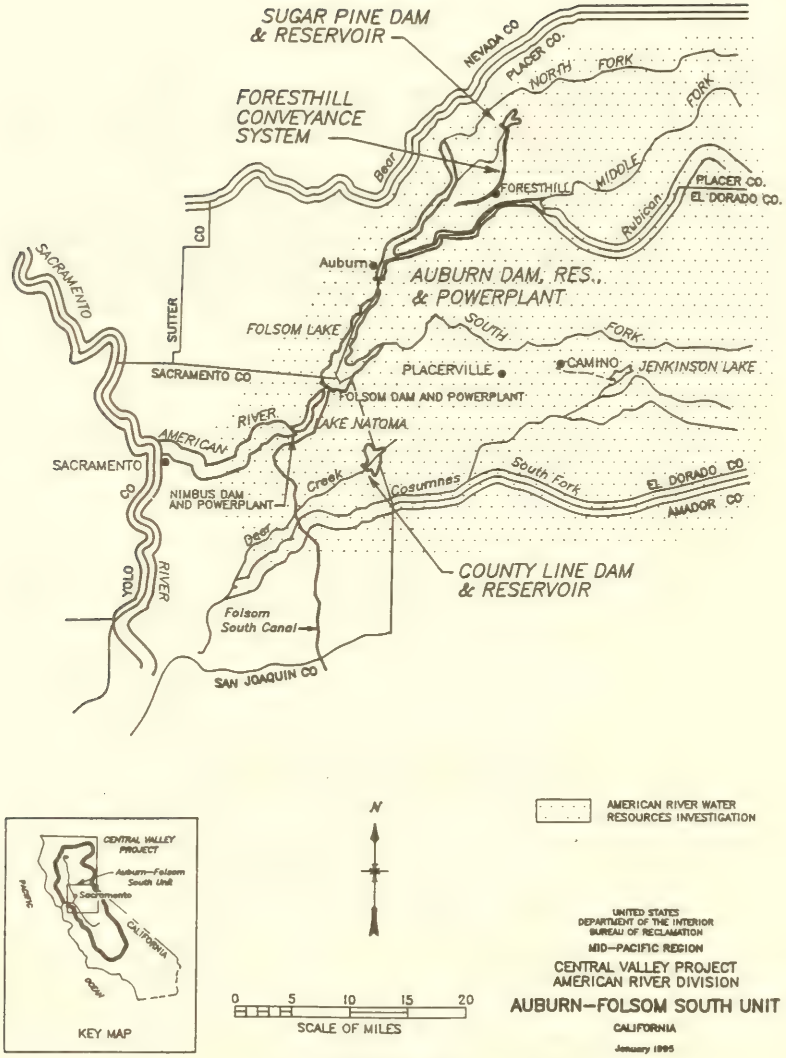
Safety of Dams Division - Construction activities will continue on Modified Roosevelt Dam.

$34,403,000

Non-Federal Cash Participation $ -4,992,000

SUBTOTAL - SAFETY OF DAMS DIVISION $ 29,411,000

Total request $122,136,000


SUGAR PINE DAM
& RESERVOIR
FORESTHILL
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NEVADA CO
PLACER CO.
NORTH FORK
MIDDLE FORK
Bear
FORESTHILL
Rubicon
PLACER CO.
EL DORADO CO.
SUTTER CO
SACRAMENTO
Auburn
AUBURN DAM, RES.,
& POWERPLANT
FOLSOM LAKE
SOUTH FORK
SACRAMENTO CO
PLACERVILLE
CAMINO
JENKINSON LAKE
FOLSOM DAM AND POWERPLANT
RIVER
AMERICAN
LAKE NATOMA
SACRAMENTO
CO
NIMBUS DAM
AND POWERPLANT
Creek
Bear
Cosumnes
South Fork
EL DORADO CO
AMADOR CO
COUNTY LINE DAM
& RESERVOIR
YOLO
RIVER
Folsom
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SAN JOAQUIN CO
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Auburn—Folsom South Unit
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AMERICAN RIVER WATER
RESOURCES INVESTIGATION
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
MID—PACIFIC REGION
CENTRAL VALLEY PROJECT
AMERICAN RIVER DIVISION
AUBURN—FOLSOM SOUTH UNIT
CALIFORNIA
January 1995

Central Valley Project
Auburn-Folsom South Unit

California

Location	This unit is located in the east-central part of the Sacramento-San Joaquin Valley in El Dorado, Placer, Sacramento, and San Joaquin Counties, California.
Description	As an integral part of the Central Valley Project, the unit would develop water and power supplies for delivery to users located in the unit service area and elsewhere in the project service area. The unit would provide full irrigation service to 28,300 acres, supplemental irrigation water to 416,050 acres, and 332,000 acre-feet annually for municipal and industrial use. The power installation at Auburn would have an initial capacity of 300,000 kilowatts, consisting of two units of 150,000 kilowatts each, with provisions for ultimate development of the hydroelectric capacity, now estimated to consist of an additional two units of 150,000 kilowatts each. The installation of the ultimate capacity would require additional authorization. This unit would also provide recreation, fish and wildlife, and flood control benefits.
Authorization	Public Law 89-161, September 2, 1965.
Land certification	July 20, 1967.
Definite plan report	To be completed as required. Initial power delivery is dependent upon completion of the Folsom South-Lower American River Studies and legislation amending the Auburn-Folsom South Unit Act of 1965.
Benefit cost ratio as of October 1, 1995	A benefit-cost ratio is no longer available for the Central Valley Project or any of its divisions and units. Benefit estimates submitted in support of the authorization of the original project features are out of date. Continued indexing of these estimates is inappropriate, and can be misleading. Benefit data for the in-service facilities are not available due to the high cost of collecting data. Recent additions to the list of authorized program activities have been justified on the basis of environmental goals rather than economic benefits. For that reason, benefit-cost ratios do not exist for fish and wildlife restoration and improvement activities authorized since the enactment of the Trinity River Restoration Act (Public Law 98-541, October 24, 1984).
Completion data	Water is now available from the first 27 miles of the Folsom South Canal. In addition, Sugar Pine Dam and the Foresthill conveyance system have been completed. As of September 30, 1994, the project is 27 percent complete.

Auburn-Folsom South Unit . . . .

Summarized Financial Data

Total Federal obligations 1/	$2,384,342,000	Allotments to 9/30/94	$354,531,966
		Allotments for FY 1995	2,137,000
Net property and other transfers			
Federal participation	1,493,205	Allotments to date	356,668,966
Non-Federal participation 2/	2,349,624	Allotments for FY 1996	1,357,000
Adjustment 3/ 4/	171		
Total to be allocated	$2,388,185,000	Balance to complete	$2,026,316,034

1/ This document focuses on the total Federal obligations by Reclamation for the Auburn-Folsom South Unit. Total Federal obligations for the Department of Energy shown in the FY 1995 Budget Justification have been updated and included in a separate budget document submitted by that agency.

2/ Represents cash contribution from Sacramento Metropolitan Water Authority to meet 50 percent cost-sharing requirement for feasibility-level planning report/environmental impact statement on alternative multipurpose plans for water and power development in the American River Basin.

3/ Rounding.

4/ Interest during construction cost estimates shown in the FY 1995 Budget Justification for the multipurpose Auburn Dam, as described in the authorizing legislation, are out of date. Continued updating of out-of-date estimates results in misleading information. Interest during construction will be included in the benefit-cost determinations for the alternatives to the authorized plan included in the planning documents now being prepared by the Bureau of Reclamation and Corps of Engineers for submittal to the Congress. Reimbursable interest during construction cost estimates shown in the FY 1995 Budget Justification for the completed Folsom South and Foresthill Divide area facilities are included in the Allotments to date amount shown above for the operating project.

Project Cost Allocation

Allocation	FY 1995 estimate	FY 1996 estimate
Irrigation	$1,309,555,000	$1,410,906,000
Power	473,219,000	475,796,000
Municipal and industrial water	529,627,000	231,027,000
Recreation	137,493,000	23,691,000
Fish and wildlife	54,224,000	151,222,000
Flood control	31,733,000	88,418,000
Deferred use 1/	2,425,000	2,425,000
Highway improvements 2/	88,713,000	0 4/
Other 3/	1,009,000	0 4/
Non-Federal share 5/	2,350,000	0 6/
Preconstruction investigations	0	4,700,000 6/
Total	$2,630,348,000	$2,388,185,000

1/ Actual cost of providing additional capacity in the completed portion of the Folsom South Canal

(Reaches 1 and 2) to serve the planned Eastside Division service area.

2/ Preliminary estimate of incremental cost of improving existing roads in project construction area to higher standards required for construction of Auburn Area facilities.

3/ Preliminary estimate of cost of preservation of historical and archaeological data discovered during completion of construction of the Auburn Area facilities.

4/ Preliminary estimate for the multipurpose Auburn Dam described in the authorization is out of date. Continued indexing of out-of-date estimates results in misleading information. New estimate will be included in the evaluation of the alternatives to the authorized plan included in planning documents now being prepared by the Bureau of Reclamation and Corps of Engineers for submittal to the Congress.

5/ Represents cash contribution from Sacramento Metropolitan Water Authority to meet 50 percent cost-sharing requirement for feasibility-level planning report/environmental impact statement on alternative multipurpose plans for water and power development in the American River Basin.

6/ Estimated cost of feasibility-level planning report/environmental impact statement on alternative multipurpose plans for water and power development in the American River Basin. Planning report and environmental documents are being prepared at the request of the Sacramento Metropolitan Water Authority for submittal to the Congress.

Cost allocation methodology

The operational and financial integration provision of the Central Valley Project authorization requires that the cost allocation, ratesetting and repayment studies be performed for the total project rather than for individual divisions and units. In response to congressional requests for information on individual divisions and units, pro rata shares of the cost allocation for the total authorized project are shown for the individual divisions and units. Thus, the pro rata share of the project cost allocation shown for this division will change each time there is a change in the total estimated cost of the authorized Central Valley Project.

The net decrease in the total cost to be allocated of $242,163,000 includes increases of $36,828,000 for indexing to October 1995 projected prices, $10,000,000 for restoration of the river channel, $942,000 for continuation of interim resource management, $360,000 for continuation of fire protection on lands already purchased for the project, $285,634 for reevaluation of contingency requirements, $64,950 for Placer County pump rehabilitation, and $941 for rounding; and decreases of $222,194,000 for interest during construction, $68,445,000 for Department of Energy obligations, and $5,525 for land withdrawal.

Project Repayment

Repaid by	Amount
Irrigators	$1,410,906,000
Power users	475,796,000
M&I water users	231,027,000
State and local entities 1/	10,724,000
Deferred use 2/	2,425,000
Non-reimbursable 3/ 4/	257,307,000
Total	$2,388,185,000

1/ Includes $8,374,000 for State of California, Department of Parks and Recreation (50 percent of current estimate of cost of planned Auburn Lake recreation facilities); and $2,350,000 for cash contribution from Sacramento Metropolitan Water Authority (50 percent of estimated cost of feasibility-level planning report/environmental impact statement on alternative multipurpose plans for water and power development in the American River Basin).

2/ Actual cost of providing additional capacity in the completed portion of the Folsom South Canal (Reaches 1 and 2) to serve the planned Eastside Division service area, as authorized under Section 1, Public Law 89-161.

3/ Includes $15,317,000 for recreation, $151,222,000 for fish and wildlife, $88,418,000 for flood control, and $2,350,000 for preconstruction investigations.

4/ Detail shown in the FY 1995 Budget Justification for fish and wildlife enhancement, anadromous fishery, wildlife refuges and waterfowl conservation are included in the total fish and wildlife amount. Detail for the highway improvement and cultural resources activities for the authorized multipurpose Auburn Dam are outdated. Continued indexing of those out-of-date estimates results in misleading information. New estimates will be included in the evaluation of the alternatives to the authorized plan included in planning documents now being prepared by Reclamation and Corps of Engineers for submittal to the Congress.

Status of repayment contract

Contracts have been executed with East Bay Municipal Utility District, Sacramento Municipal Utility District, Foresthill Public Utility District, and Placer County Water Agency. Negotiations will continue with Central San Joaquin Water Conservation District, North San Joaquin Water Conservation District, Sacramento County Water Agency, San Joaquin County Flood Control and Water Conservation District, Stockton-East Water District, Woodbridge Irrigation District, and Woodbridge Water Users Conservation District for water from Folsom South Canal upon the completion and implementation of the Central Valley Project water management program and completion of appropriate National Environmental Policy Act documentation.

No repayment contracts have been negotiated to date for remaining unconstructed facilities on the Auburn-Folsom South Unit; negotiations with the water users will be renewed upon the completion and implementation of the Central Valley Project water management program and completion of appropriate National Environmental Policy Act documentation.

Irrigation investment per acre

Irrigation investment is to be repaid from water and power revenues collected at the project level in compliance with the operationally and financially integrated project provision included in the project authorization. Each division and unit is part of the total project; some of the divisions develop water supplies and the other divisions and units deliver those water supplies. Irrigation investment data for the total authorized Central Valley Project are shown on page 145.

Status of NEPA compliance

A projectwide final environmental statement was filed with Council on Environmental Quality November 13, 1972. Supplement to final filed with Council on Environmental Quality August 6, 1973, Amendment to final filed with Council on Environmental Quality September 20, 1974. Supplemental No. 2 filed with Environmental Protection Agency September 23, 1980. Foresthill Divide area final environmental statement was filed with Council on Environmental Quality May 25, 1976. A feasibility-level planning/report environmental impact statement for exploring multipurpose alternative sources for water and power development in the American River Basin has been initiated. Draft Environmental Impact Statement scheduled for October 1995 and final, April 1996.

Other information

The National Resources Defense Council, Inc. vs. Stamm, Case No. S-2663 in the U.S. District Court, Eastern District of California, was filed in December 1972. By order of the court in 1974, in the above case, the Bureau of Reclamation was ordered to notify the court and all parties to that action as soon as the decision is made by the Secretary of the Interior to construct Reaches 3, 4, or 5 of the Folsom South Canal and not to commence such construction until at least 60 days after said notice is given nor can he acquire any lands for that construction or enter into any water service contracts for American River Division water.

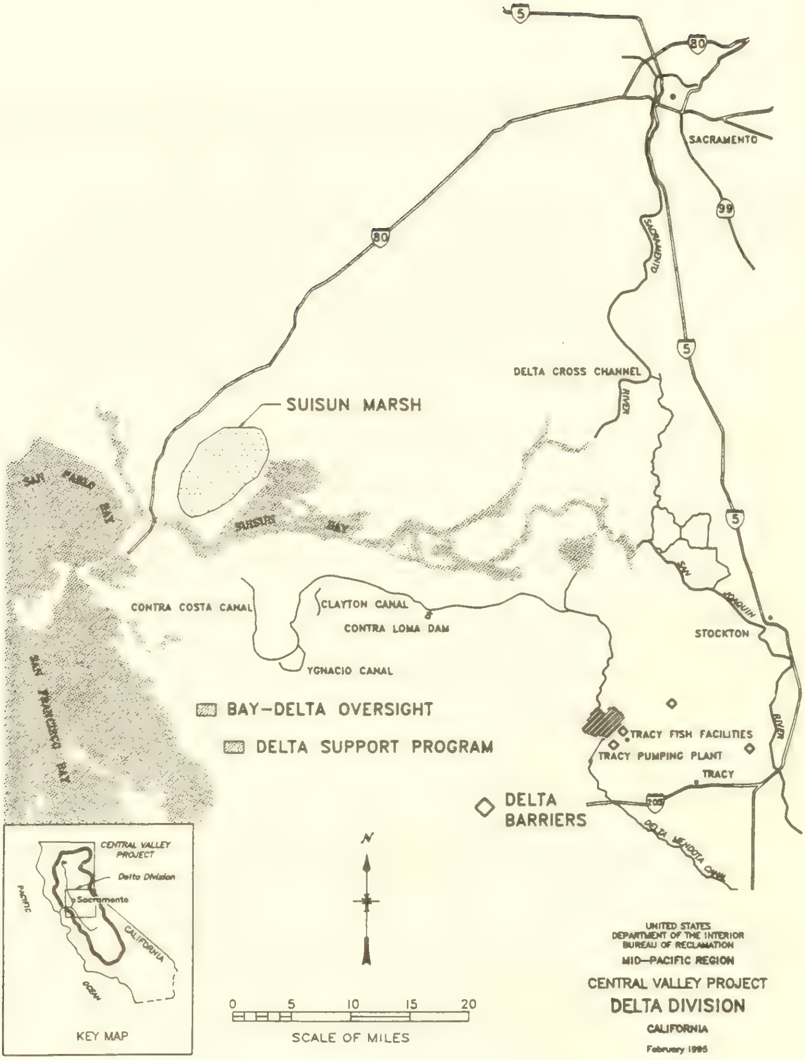
A major earthquake on August 1, 1975, with the epicenter near Oroville Dam in northern California raised safety questions that prompted extensive investigations of the Foothills fault system and the Auburn Dam area. In FY 1987, the Bureau of Reclamation initiated a Folsom South Area Conjunctive Use Study to evaluate plans for concurrent use of the groundwater basin and existing storage developments on streams tributary, adjacent to and within the Folsom South area to meet the service area needs and provide suitable flows in the Lower American River.

Appropriation ceiling

Appropriations authorized are $1,551,201,000 (October 1995). The comparable Federal obligation is $2,384,342,000 which exceeds the appropriation ceiling by more than the amount of contingencies included in the obligation. Appropriate congressional committees will be advised of the ceiling status for this project. Legislation to provide additional appropriation ceiling would be needed to complete the project as authorized. Current commitments will be held within existing ceiling.

Work proposed for FY 1996

Auburn Dam and Reservoir - Processing water rights applications and miscellaneous agreements with the State and local agencies for management of project lands, and providing fire protection and seismograph work will continue. The feasibility-level planning report and environmental impact statement to explore multipurpose alternative sources of water and power development in the American River Basin will be completed.	**$2,144,000**
Non-Federal cash contribution	**-787,000**
Total request	**$1,357,000**


SACRAMENTO
SACRAMENTO RIVER
DELTA CROSS CHANNEL
SUISUN MARSH
SAN PABLO BAY
SUISUN BAY
SAN FRANCISCO BAY
CONTRA COSTA CANAL
CLAYTON CANAL
CONTRA LOMA DAM
YGNACIO CANAL
SAN JOAQUIN RIVER
STOCKTON
TRACY FISH FACILITIES
TRACY PUMPING PLANT
TRACY
DELTA MENDOTA CANAL
5
80
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205
▨ BAY-DELTA OVERSIGHT
▨ DELTA SUPPORT PROGRAM
◇ DELTA BARRIERS
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SCALE OF MILES
CENTRAL VALLEY PROJECT
Delta Division
Sacramento
PACIFIC
OCEAN
CALIFORNIA
KEY MAP
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
MID-PACIFIC REGION
CENTRAL VALLEY PROJECT
DELTA DIVISION
CALIFORNIA
February 1995

Central Valley Project
Delta Division

California

Location	This division is located in Alameda, Contra Costa, Fresno, Merced, Sacramento, and Stanislaus Counties in central California.
Description	As an integral part of the Central Valley project, this division delivers water and power supplies developed in the American River, Shasta and Trinity River divisions to the areas served by the Delta Division, San Luis Unit and San Felipe Division. The Delta Division provides full irrigation service to 45,648 acres, supplemental irrigation service to 181,582 acres, and 100,104 acre-feet annually for municipal and industrial use in the division service area.
Authorization	Emergency Relief Appropriation Act of 1935, April 8, 1935. The Central Valley Project was authorized by a finding of feasibility by the Secretary of the Interior, and approved by the President on December 2, 1935; Public Law 392, Rivers and Harbors Acts of 1937, August 26, 1937; Public Law 868, Rivers and Harbors Act of 1940, October 17, 1940; Public Law 99-546, Coordinated Operations Agreement, Suisun Marsh Preservation Agreement and Small Reclamation Projects Act of 1986, October 27, 1986; and Public Law 102-575, Reclamation Projects Authorization and Adjustment Act of 1992, October 30, 1992.
Land certification	The projectwide land certification was completed on July 23, 1982.
Definite plan report	To be completed as required.
Benefit cost ratio as of October 1, 1995	A benefit-cost ratio is no longer available for the Central Valley Project or any of its divisions and units. Benefit estimates submitted in support of the authorization of the original project features are out of date. Continued indexing of these estimates is inappropriate, and can be misleading. Benefit data for the in-service facilities are not available due to the high cost of collecting data. Recent additions to the list of authorized program activities have been justified on the basis of environmental goals rather than economic benefits. For that reason, benefit-cost ratios do not exist for fish and wildlife restoration and improvement activities authorized since the enactment of the Trinity River Restoration Act (Public Law 98-541, October 24, 1984).
Completion data	As of September 30, 1994, the Delta Division was 62 percent complete. Completed and operational major features include: Tracy Pumping Plant and Switchyard, Delta Cross Channel, Delta Mendota Canal, and the Contra Costa Canal System.

Delta Division . . . .

Summarized Financial Data

Total Federal obligations	$359,386,000	Allotments to 9/30/94	$168,404,905
		Allotments for FY 1995	4,569,000
Net property and other transfers			
Federal participation	2,500,086	Allotments to date	172,973,905
Non-Federal participation 1/	0	Allotments for FY 1996	6,500,000
Adjustment 2/ 3/	-86		
Total to be allocated	$361,886,000	Balance to complete	$179,912,095

1/ Reflects a reduction as presented in the FY 1995 Budget Justifications for the State of California participation in the construction of the Delta Barriers. The cost-sharing agreement with the State of California for Central Valley Project Improvement Act, Section 3406, was signed on June 27, 1994. Non-federal participation will be reflected when individual task orders have been finalized.

2/ Rounding.

3/ Current estimate of interest during construction on future Reclamation program costs is not calculated until specific construction work is identified.

Project Cost Allocation

Allocation	FY 1995 estimate	FY 1996 estimate
Irrigation	$141,250,000	$107,872,000
Power	21,296,000	36,377,000
Municipal and industrial water	42,550,000	29,226,000
Recreation	205,000	205,000
Fish and wildlife	132,708,000	181,446,000
Flood control	16,464,000	6,760,000
Navigation 1/	1,534,000	0
Water quality 2/	1,054,000	0
Total	$357,061,000	$361,886,000

1/ Previous allocation was based on operation of project in support of the commercial barges used to transport rice from the growers to the storage elevators located downstream in Sacramento. Because trucks have replaced the barges, there has been no need for the project to be operated in support of the navigation purpose since 1981–the first year of the 50-year project repayment period defined by Public Law 99-546. Therefore, the allocation of project costs to the navigation purpose has been discontinued.

2/ Represents estimated cost of upgrading facilities used to treat the drinking water supplied to the Tracy facilities to State and Federal public health standards. Such permanent operating facility costs are now being allocated among all the authorized purposes of the Central Valley Project.

Cost allocation methodology

The operational and financial integration provision of the Central Valley Project authorization requires that the cost allocation, ratesetting and repayment studies be performed for the total project rather than for individual divisions and units. In response to congressional requests for information on individual divisions and units, pro rata shares of the cost allocation for the total authorized project are shown for the individual divisions and units. Thus, the pro rata share of the project cost allocation shown for this division will change each time there is a change in the total estimated cost of the authorized Central Valley Project.

The net increase in the total cost to be allocated of $4,825,000 includes increases of $6,600,000 for joint Federal-State effort to develop a long-term solution to environmental and natural resource problems associated with delivery of Central Valley Project water through the Sacramento-San Joaquin Delta and San Francisco Bay Estuary, $3,525,000 for inclusion of the temporary Delta Barrier program, $2,027,000 for indexing to October 1995 projected prices, $1,730,166 for contingency requirements, $550,000 for continuation of the acoustical barrier program at Georgiana Slough, $107,000 for additional contractor modifications of the Tracy Circuit Breakers, and $1,064 for contractor modification of the Tracy Excitation System; decreases of $6,669,000 after further refinement of the Delta Barrier program, $463,000 for reduction in contract estimate for the Tracy Water Treatment Plant, and $230 for rounding; and, decreases of $2,583,000 for reimbursable interest during construction.

Project Repayment

Repaid by	Amount
Irrigators	$107,872,000
Power users	36,377,000
M&I water users	29,226,000
State and local entities 1/	45,467,000
Nonreimbursable 2/	142,944,000
Total	$361,886,000

1/ Includes $105,000 for East Bay Regional Parks District share of costs of recreation facilities at Contra Loma Reservoir; and $45,362,000 for State of California share of costs of fish and wildlife activities authorized under the Central Valley Project Improvement Act (Public Law 102-575), as follows: $13,038,000 for Delta Barriers, $7,835,000 for Tracy Facilities, $3,153,000 for Contra Costa facilities, $7,069,000 for Georgiana Slough/Delta Cross Channel, $12,617,000 for Delta Support (IEP), and $1,650,000 for Bay-Delta Oversight.

2/ Includes $100,000 for recreation, $136,084,000 for fish and wildlife, and $6,760,000 for flood control.

Status of repayment contract

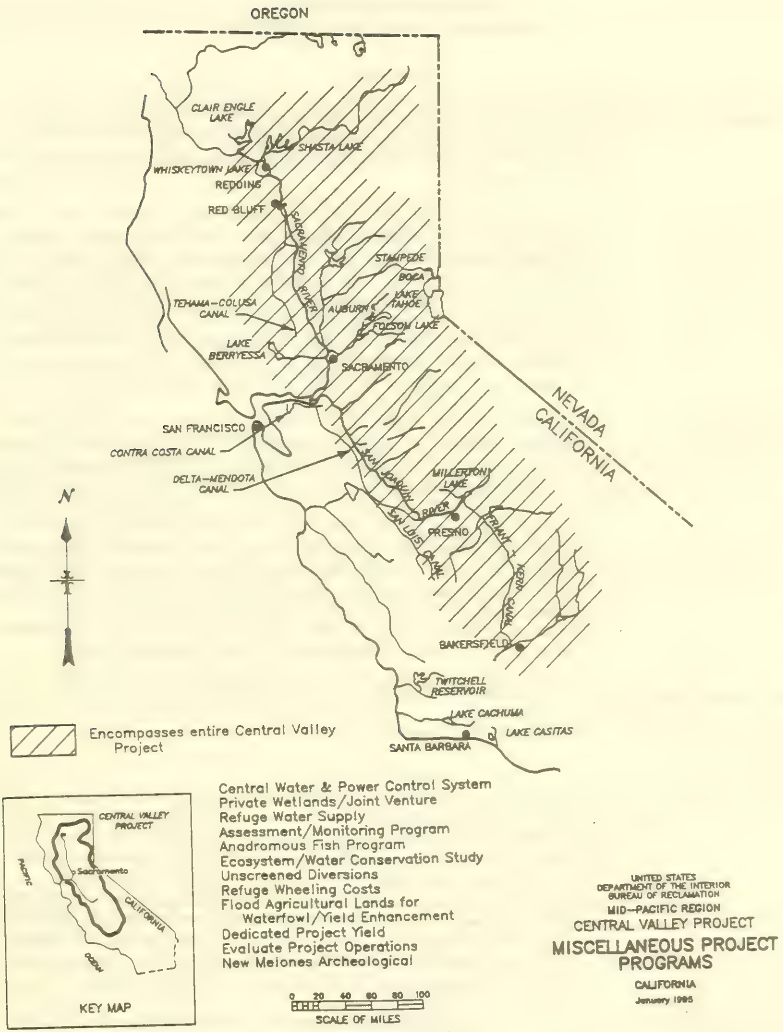
To date, 31 contracts for water service have been executed. Contracts for the construction of seven distribution systems have been executed.

Delta Division . . . .

Irrigation investment per acre	Irrigation investment is to be repaid from water and power revenues collected at the project level in compliance with the operationally and financially integrated project provision included in the project authorization. Each division and unit is part of the total project; some of the divisions develop water supplies and the other divisions and units deliver those water supplies. Irrigation investment data for the total authorized Central Valley Project are shown on the documents for the CVP, Miscellaneous Project Programs (page 145).
Status of NEPA compliance	Will be completed as required.
Appropriation ceiling	Not applicable.

Work proposed for FY 1996

Delta Barriers - Construction of the temporary barriers will begin.	$ 500,000
Suisun Marsh - Represents Federal share in the construction by the State of California of facilities for protection and preservation of Suisun Marsh as provided by Public Law 99-546.	$ 300,000
Delta Support Program (IEP) - The program to identify and monitor the impacts to the Sacramento-San Joaquin Delta of operating both the Federal Central Valley Project and the California State Water Project and to define new design and operating criteria to minimize such impacts will continue.	$3,200,000
Bay-Delta Oversight - Implementation of a long-term solution to environmental and natural resources problems in the San Francisco Bay and Sacramento-San Joaquin Delta will continue.	$2,500,000
Total request, Construction	**$6,500,000**



▨ Encompasses entire Central Valley Project

Central Water & Power Control System
Private Wetlands/Joint Venture
Refuge Water Supply
Assessment/Monitoring Program
Anadromous Fish Program
Ecosystem/Water Conservation Study
Unscreened Diversions
Refuge Wheeling Costs
Flood Agricultural Lands for
Waterfowl/Yield Enhancement
Dedicated Project Yield
Evaluate Project Operations
New Melones Archeological

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
MID—PACIFIC REGION
CENTRAL VALLEY PROJECT
MISCELLANEOUS PROJECT
PROGRAMS
CALIFORNIA
January 1995

Central Valley Project
Miscellaneous Project Programs

California

Location	This program encompasses the entire Central Valley of California for those activities not reported under a separate project data sheet. The boundary extends from the Cascade Range in the north to the fertile plains along the Kern River in the south.
Description	As an integrated part of the Central Valley Project, these programs deliver water and power supplies developed by the American River Division to users located in the areas served by the American River, Delta and San Felipe divisions and the San Luis Unit, and deliver water supplies developed by the Friant Division to users located in the Friant Division service area. The Miscellaneous Project Programs provide supplemental irrigation service to 1,012,620 acres and 344,730 acre-feet annually for municipal and industrial use in the areas served by the American River and Friant divisions, generates 212,220 kilowatts of hydropower, and provide fish and wildlife and flood control benefits.
Authorization	Emergency Relief Appropriation Act of 1935, April 8, 1935. The Central Valley Project was authorized by a finding of feasibility by the Secretary of the Interior, and approved by the President on December 2, 1935; Public Law 392, Rivers and Harbors Acts of 1937, August 26, 1937; Public Law 868, Rivers and Harbors Act of 1940, October 17, 1940; Public Law 356, American River Division Authorization Act, October 14, 1949; Public Law 87-874, River and Harbors Act of 1962 (Flood Control Act), October 23, 1962; Public Law 91-502, Black Butte Integration Act, October 23, 1970; Public Law 94-423, Reclamation Authorization Act of 1976, September 28, 1976; Public Law 99-546, Coordinated Operations Agreement, Suisun Marsh Preservation Agreement and Small Reclamation Projects Act of 1986, October 27, 1986; and, Public Law 102-575, Reclamation Projects Authorization and Adjustment Act of 1992, October 30, 1992.
Land certification	The Friant Division land certification was completed on June 4, 1982.
Definite plan report	Will be completed as required.
Benefit cost ratio as of October 1, 1995	A benefit-cost ratio is no longer available for the Central Valley Project or any of its divisions and units. Benefit estimates submitted in support of the authorization of the original project features are out of date. Continued indexing of these estimates is inappropriate, and can be misleading. Benefit data for the in-service facilities are not available due to the high cost of collecting data. Recent additions to the list of authorized program activities have been justified on the basis of environmental goals rather than economic benefits. For that reason, benefit-cost ratios do not exist for fish and wildlife restoration and improvement activities authorized since the enactment of the Trinity River Restoration Act (Public Law 98-541, October 24, 1984).
Completion data	As of September 30, 1994, the Miscellaneous Project Programs is 83 percent complete.

Miscellaneous Project Programs . . . .

Major features that are completed and operational include the American River Division facilities (including the El Dorado Distribution System), Friant Dam and Reservoir, Friant-Kern Canal, Madera Canal, and Friant-Kern and Madera distribution systems.

Summarized Financial Data

Total Federal obligations 1/	$495,206,000	Allotments to 9/30/94	$326,420,180
		Allotments for FY 1995	21,344,800
Net property and other transfers			
Federal participation	14,173,198	Allotments to date	$347,764,980
Non-Federal participation 2/	2,260,000	Allotments for FY 1996	22,944,000
Adjustment 3/ 4/	-198		
Total to be allocated	$511,639,000	Balance to complete	$124,497,020

1/ This document focuses on the total Federal obligations by Reclamation for the Miscellaneous Project Programs. Total Federal obligations for the Department of Energy and Army Corps of Engineers shown in the FY 1995 Budget Justification have been updated and included in separate budget documents submitted by those agencies.

2/ Includes $2,250,000 from State of California for the Refuge Water Supply; and $5,000 from Big Valley Irrigation District, $2,500 from Modoc County, and $2,500 from Lassen County as contributions towards the cost of the preconstruction investigations for the Allen Camp Unit, Pit River Division.

3/ Rounding.

4/ Current estimate of interest during construction on future Reclamation program costs is not calculated until specific construction work is identified. Current estimate of interest during construction for Department of Energy program activities is included in a separate document prepared by that agency.

Project Cost Allocation

Allocation	FY 1995 estimate	FY 1996 estimate
Irrigation	$305,620,000	$147,557,000
Power	147,677,000	49,760,000
Municipal and industrial water	33,754,000	39,977,000
Recreation	685,000	254,000
Fish and wildlife	163,547,000	169,403,000
Flood control	27,765,000	9,247,000
Navigation 1/	1,548,000	0
Other 2/	31,596,000	95,441,000
Total	$712,192,000	$511,639,000

1/ Previous allocation was based on operation of project in support of the commercial barges used to transport rice from the growers to the storage elevators located downstream in Sacramento. Because trucks have replaced the barges, there has been no need for the project to be operated in support of the navigation purpose since 1981--the first year of the 50-year project repayment period defined by Public Law 99-546. Therefore, the allocation of project costs to the navigation purpose has been discontinued.

2/ Includes actual costs to date of $3,000 for preservation of historical and archaeological data, $78,105,000 for preconstruction investigations, and $17,333,000 for the non-Federal share of the costs of safety of dams work completed for Folsom Dam.

Amount shown in the FY 1995 Budget Justification included $2,215,000 for archaeology, $9,000 for highway improvement, $1,103,000 for General Investigations, $28,250,000 for waterfowl conservation, and $19,000 for water quality. The amount shown for archaeology was a preliminary estimate of the cost of preservation of historical and archaeological data discovered during the construction of the program facilities; the previous estimate has been updated to reflect the actual cost to date of archaeological studies completed for the Tehama-Colusa Canal, as shown in the Other Project Costs section of the supporting schedules. The amount previously shown for highway improvement was a preliminary estimate of the cost of improving existing roads in the project construction area to higher standards required for completion of the program facilities; the current estimate has been reduced to nil to reflect the nonstructural nature of future program activities. The cost allocated to preconstruction investigations is the actual cost of investigations completed for the Allen Camp Unit, Pit River Division; this amount has been revised to include the cost of all investigations completed for the Central Valley Project. Costs allocated to the waterfowl conservation function of the water supply purpose are included among the costs allocated to the fish and wildlife purpose. The cost allocated to water quality represents amount requested for upgrade of facilities used to treat the drinking water supply available to employees and visitors at the Tracy facilities to State and Federal public health standards; this has nothing to do with the quality of project water supplies delivered for M&I water supply, irrigation, or environmental uses; it is a permanent operating facility cost and is now properly allocated among all the authorized project purposes.

Cost allocation methodology

The operational and financial integration provision of the Central Valley Project authorization requires that the cost allocation, ratesetting and repayment studies be performed for the total project rather than for individual divisions and units. In response to congressional requests for information on individual divisions and units, pro rata shares of the cost allocation for the total authorized project are shown for the individual divisions and units. Thus, the pro rata share of the project cost allocation shown for this division will change each time there is a change in the total estimated cost of the authorized Central Valley Project.

The net decrease in total cost to be allocated of $200,553,000 includes increases of $4,295,000 for additional requirements for the Anadromous Fish Program, $2,919,000 for additional requirements for the Unscreened Diversions Program, $2,550,000 for additional requirements for the Ecosystem/Water System Models; $2,236,526 for replacing the Centralized Water and Power System Control equipment, $1,700,000 for additional wheeling costs for supplying water to refuges, $1,050,000 for addition of new line item for Private Wetlands/Joint Venture for evaluating need for additional water to privately owned wetlands; $725,000 for indexing to October 1995 projected prices; $715,000 for dedicating and managing 800,000 acre-feet of water annually for fishery restoration, $646,303 for additional requirements for the Refuge Water Supply, $570,000 for additional requirements for Evaluating Project Operations, $550,000 for new line item for fishery programs including the Spring Run

Miscellaneous Project Programs . . . .

Salmon Program, the Salmon Stamp Program, and the Coho Salmon Program, $400,000 for addition of new line item for administrative charges for CVPIA-related activities, $5,599 for contingency requirements, and $5,374 for continuation of the Project Fishery Impact Study; and decreases of $115,093,000 for deletion of Department of Energy obligations, $69,000,000 for the San Jose Water Reclamation/Reuse Program which is now a separate project, $15,887,000 for deletion of Department of Energy interest during construction, $8,316,518 for transfer of Water Conservation Projects to the Operation and Maintenance appropriation, $3,779,000 for reimbursable Reclamation interest during construction, $2,700,000 for elimination of the Power Generation Study from the program, $1,936,835 for reevaluation of the Water Augmentation Program, $1,060,003 for contingency requirements for Refuge Water Supply, $877,545 for elimination of third year funding for the Drainage Challenge Grant program, $165,000 for reassessment of the requirements of the CVP Assessment/Monitoring Program, $105,324 for reduction in archaeological requirements at New Melones Reservoir, and $577 for rounding.

Project Repayment

Repaid by	Amount
Irrigators	$147,557,000
Power users	49,760,000
M&I water users	39,977,000
State and local entities 1/	38,747,000
Nonreimbursable 2/	235,598,000
Total	$511,639,000

1/ Includes $100,000 for El Dorado Irrigation District share of costs of recreation facilities at Sly Park Reservoir; $26,000 for County of Fresno share of costs of recreation facilities at Lake Woollomes; $10,000 of contributions by non-Federal, local entities towards cost of preconstruction investigations completed for the Allen Camp Unit, Pit River Division, and $38,611,000 for State of California share of costs of fish and wildlife activities authorized under the Central Valley Project Improvement Act (Public Law 102-575), as follows: $13,329,000 for Refuge Water Supply, $4,959,000 for CVP Assessment/Monitoring Program, $3,425,000 for Refuge Water Supply Wheeling Costs, $14,510,000 for Unscreened Diversions, and $2,388,000 for Ecosystem and Systems Operations Models. This represents a reduction in the non-Federal share of the total program costs shown in the FY 1995 Budget Justifications for the State of California participation in the Central Valley Project Improvement Act activities. This is the result of an analysis of the cost-sharing requirements by individual program activity.

2/ Includes $100,000 for recreation facilities at Sly Park Dam and Reservoir in El Dorado County, California; $28,000 for recreation facilities at Lake Woollomes in Fresno County, California; $130,792,000 for fish and wildlife; $9,247,000 for flood control; $3,000 for preservation of historical and archaeological data under the Act of June 27, 1960 (Public Law 86-523); $78,095,000 for preconstruction investigations; and, $17,333,000 for safety of dams program activities completed for Folsom Dam under the Reclamation Safety of Dams Act of 1978, November 2, 1978 (Public Law 95-578), as amended in 1984 by Public Law 98-404.

Status of repayment contract To date, 39 contracts for water service have been executed.

Irrigation investment per acre

Irrigation investment is to be repaid from water and power revenues collected at the project level in compliance with the operationally and financially integrated project provision included in the project authorization. Each division and unit is part of the total project; some of the divisions develop water supplies and the other divisions and units deliver those water supplies. Irrigation investment data for the total authorized project are shown below.

Summary of Irrigation Investment

Total irrigation investment per acre	$1,930	1/
Repayment of irrigation investment per acre by:		
Irrigators	$1,875	
Power revenues	55	
Payment capacity per acre-foot	$8.00 to $47.50	2/
Annual charges per acre-foot:		
Construction	$1.97 to $13.48	3/
Operation and maintenance	4.48 to 24.80	3/
Deficit	.23 to 2.13	3/
Total cost of service	6.68 to 40.41	3/

1/ Based on 1,869,655 acres in the project service area that were irrigated with water supplied by the Central Valley Project in 1992, as reported in Reclamation's 1992 Crop Production Report.

2/ Range of irrigators' ability to pay estimates for lands that are irrigated with water supplied by the Central Valley Project. Payment capacity depends on the value of the crops grown, productivity of the soils, and length of the growing season. Because these factors improve as one moves from north to south, the irrigators' ability to pay improves as one moves from the northern portion to the southern and coastal portions of the project service area. Coincidentally, the cost of delivering project water supplies developed in the north increases as the water is moved southward to irrigators located in the southern and coastal portions of the project service area.

3/ Irrigation water rates are based on actual costs and expressed in terms of dollars per acre-foot scheduled for delivery during the current year. Cost of service rates for all the individual contractors are adjusted annually to reflect changes in project costs and available water supplies. Annual charges shown above are the lowest and highest cost of service rates calculated for the individual contractors in Reclamation's 1995 CVP Irrigation Water Rates, dated October 1994.

Status of NEPA compliance

El Dorado Distribution System, May 22, 1974. NEPA compliance was not required for Friant-Kern Canal. Other NEPA compliance will be completed as required.

Other information

Additional features have been included as a result of Public Law 102-575, October 2, 1992, Title XXXIV.

Miscellaneous Project Programs . . . .

Appropriation ceiling Not applicable.

Work proposed for FY 1996

CONSTRUCTION PROGRAM

Centralized Water and Power Control System - Contract will continue for modernization of the system. **$3,589,000**

Refuge Water Supply - Section 3406(d). Design construction of conveyance facilities to provide water to wildlife refuges will be initiated. **$2,250,000**

Ecosystem and Water Systems Operations Models - Section 3406(g). Work will continue on the conversion of operations models to daily time steps, improving temperature models, and developing ecosystem models. **$1,900,000**

Unscreened Diversions - Section 3406 (b) (21). Construction of screens on unscreened diversions, rehabilitation of existing screens, replacement of existing non-functioning screens, and relocation of diversions to less fishery-sensitive areas will continue. **$6,000,000**

Evaluate Project Operations - Section 3406(b) (9) (19). Evaluation of valley-wide operation of water projects for water supply, flood control, recreation, and other purposes in order to determine how such operations might be modified to benefit anadromous fish and to meet other requirements of the Central Valley Project Improvement Act will be continued. **$ 300,000**

New Melones Project Facilities - As a apart of the New Melones Archeological Mitigation Program, Reclamation agreed to develop an interpretative program. Construction of interpretative displays for visitor's center and preparation of an interpretative booklet will be completed. **$ 80,000**

Subtotal, Regular Construction **$14,119,000**

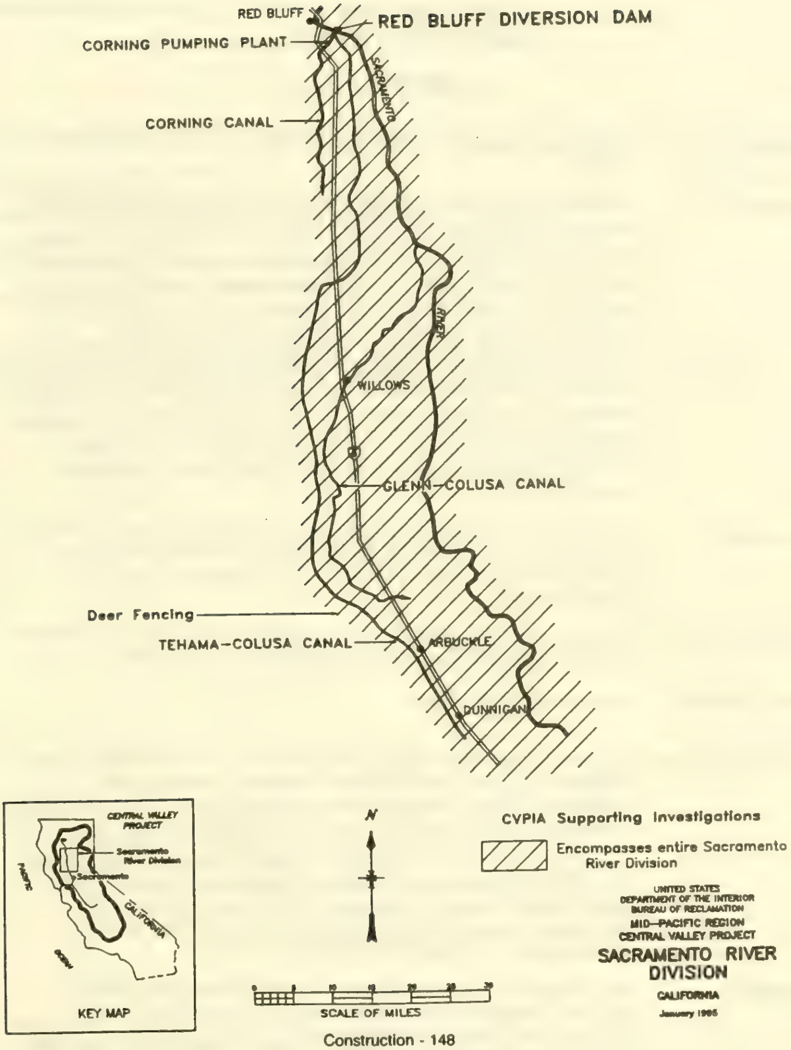
RESTORATION FUND

Comprehensive Central Valley Assessment/Monitoring Program - Section 3406(b) (16). Implementation of a monitoring and assessment program to determine the degree of effectiveness of the various fish and wildlife restoration activities undertaken, and to identify and implement additional changes or actions will be continued. **$2,000,000**

Anadromous Fish Program - Section 3406(b) (1). The development and implementation of the plan to increase the populations of anadromous fishes in the Central Valley will continue. **$3,000,000**

Refuge Wheeling Costs - Section 3406(d). Water Districts and the California Department of Water Resources will continue to be paid wheeling costs associated with delivery of water to wildlife refuges. **$1,700,000**

Refuge Water Supply - Section 3406(d). The environmental compliance document will be completed.	$3,000,000
Flood Agricultural Lands for Waterfowl/Yield Enhancement - Section 3406(b)(22). Incentives to encourage farmers to flood fields for waterfowl habitat and for Central Valley Project Yield enhancement will continue.	$ 500,000
Private Wetlands/Joint Venture - Section 3406(d) (6). Investigate and review the reliability and quality of water supplies available to privately owned wetlands and determine the need, if any, for supplemental water. In addition, review water supply and delivery requirements for 120,000 acres of restored wetlands. A report on supplemental actions to program and accomplish requirements is due not later than September 30, 1997.	$ 500,000
Dedicated Project Yield - Section 3406(b) (2). The program will continue to dedicate and manage annually 800,000 acre-feet of Central Valley Project yield for the primary purpose of implementing the fish, wildlife, and habitat restoration purposes and measures.	$ 375,000
Subtotal, Restoration Fund	**$11,075,000**
Non-Federal Participation, Miscellaneous Projects	**$-2,250,000**
Total request	**$22,944,000**



Construction - 148

Central Valley Project
Sacramento River Division

California

Location This division is located in Colusa, Glenn, and Tehama Counties in northern California.

Description As an integral part of the Central Valley Project, this division delivers water and power supplies developed in the Shasta and Trinity River divisions to users located in the Sacramento River Division service area. The division consists of the Red Bluff Diversion Dam, a concrete weir structure 52 feet high and 5,985 feet long; Red Bluff Diversion Dam fish bypass facilities; Corning Pumping Plant, with 6 units and a total capacity of 477 cubic feet per second; Tehama-Colusa Canal system (including reaches 1 through 8A, canalside pumping plants and distribution systems), approximately 114 miles long, with an initial capacity of 2,530 cubic feet per second, extending from Red Bluff Diversion Dam and terminating in Yolo County south of Dunnigan, California; Tehama-Colusa Fish Facilities; Corning Canal, 21 miles long (with a diversion capacity of 500 cubic feet per second) and terminating about 4 miles southwest of Corning, California; Corning Water District distribution system and Stony Canal. The division provides supplemental irrigation service to 105,199 acres and full irrigation service to 34,319 acres.

Authorization Public Law 81-839, Sacramento Valley Canals, September 26, 1950; Public Law 90-65, Amend Sacramento Valley Canals Act, August 19, 1967; Public Law 102-575, Reclamation Projects Authorization and Adjustment Act of 1992, October 30, 1992.

Land certification The projectwide land certification was completed on the original service area on May 3, 1956, and the extended service area on December 22, 1980.

Definite plan report To be completed as required.

Benefit cost ratio as of October 1, 1995 A benefit-cost ratio is no longer available for the Central Valley Project or any of its divisions and units. Benefit estimates submitted in support of the authorization of the original project features are out of date. Continued indexing of these estimates is inappropriate, and can be misleading. Benefit data for the in-service facilities are not available due to the high cost of collecting data. Recent additions to the list of authorized program activities have been justified on the basis of environmental goals rather than economic benefits. For that reason, benefit-cost ratios do not exist for fish and wildlife restoration and improvement activities authorized since the enactment of the Trinity River Restoration Act (Public Law 98-541, October 24, 1984).

Completion data As of September 30, 1994, the Sacramento River Division was 83 percent complete. Completed and operational major features include: Red Bluff Diversion Dam, Tehama-Colusa Canal system, including Reaches 1 through 8A, canalside pumping plants and distribution systems, Corning Canal and facilities, Corning Water District distribution system, the Tehama-Colusa fish facilities and Red Bluff Diversion Dam fish bypass facilities.

Sacramento River Division . . . .

Summarized Financial Data

Total Federal obligations	$499,902,000	Allotments to 9/30/94	$346,686,505
		Allotments for FY 1995	5,615,000
Net property and other transfers			
Federal participation	-149,100	Allotments to date	$352,301,505
Non-Federal participation 1/	2,200,000	Allotments for FY 1996	2,375,000
Adjustment 2/	100		
Total to be allocated	$501,953,000	Balance to complete	$145,225,495

1/ Represents State of California cost-sharing of $1,320,000 for the Demonstration Pilot Research Facility evaluation, and $880,000 for the fish passage program Environmental Impact Statement (EIS).

2/ Rounding.

Project Cost Allocation

Allocation	FY 1995 estimate	FY 1996 estimate
Irrigation	$301,251,000	$125,866,000
Power	449,000	105,864,000
Municipal and industrial water	243,000	76,545,000
Recreation	282,000	282,000
Fish and wildlife	116,976,000	131,047,000
Flood control	525,000	7,888,000
Navigation 1/	44,000	0
Deferred use 2/	67,296,000	54,450,000
Other 3/	11,000	11,000
Total	$487,077,000	$501,953,000

1/ Previous allocation was based on operation of project in support of the commercial barges used to transport rice from the growers to the storage elevators located downstream in Sacramento. Because trucks have replaced the barges, there has been no need for the project to be operated in support of the navigation purpose since 1981--the first year of the 50-year project repayment period defined by Public Law 99-546. Therefore, the allocation of project costs to the navigation purpose has been discontinued.

2/ Incremental cost of providing extra capacity and elevation in Tehama-Colusa Canal (Reaches 5-8A) to enable future water service to the planned West Sacramento Canal Unit service area. The amount shown in the FY 1995 Budget Justifications was based the engineer's estimate and has now been updated to reflect the actual cost-to-date of the completed work.

3/ Includes $11,000 for preservation of historical and archaeological data.

Cost allocation methodology

The operational and financial integration provision of the Central Valley Project authorization requires that the cost allocation, ratesetting and repayment studies be performed for the total project rather than for individual divisions and units. In response to congressional requests for information on individual divisions and units, pro rata shares of the cost allocation for the total authorized project are shown for the individual divisions and units. Thus, the pro rata share of the project cost allocation shown for this division will change each time there is a change in the total estimated cost of the authorized Central Valley Project.

The net increase in the total cost to be allocated of $14,876,000 includes increases of $3,230,000 for evaluation of the Demonstration Research Pumping Facility due to additional requirements, $3,213,331 for contingency requirements, $3,200,000 due to rescoping of the CVPIA Supporting Investigations, $1,574,000 for additional requirements of EIS for the fish passage program, $832,650 for additional contractor modification of the research pumping facility, $684,514 for additional deer fencing along the Tehama-Colusa Canal, $600,000 for final specification preparation to fill existing ponds, stabilize and armor the channel at East Sand Slough, $402,000 for indexing to October 1995 projected prices, $400,139 for plan development, onsite horticultural and aquatic activities at the Sacramento River Information Center, $400,000 for continuation of the captive broodstock program, $195,000 for participation in the unscreened diversion program, $100,000 to ensure that all studies and related environmental assessment studies are finalized for long-term concurrence for constant head orifice operation, and $44,570 for additional study costs for completion of the Sacramento River Basin habitat study; and a decrease of $204 for rounding.

Project Repayment

Repaid by	Amount
Irrigators	$125,866,000
Power users 1/	105,864,000
M&I water users	76,545,000
State of California 2/	31,183,000
Deferred use 3/	54,450,000
Nonreimbursable 4/	108,045,000
Total	$501,953,000

1/ Current estimate of the total power revenue assistance requirement for 20 irrigation water service contractors located in the Black Butte Dam and Reservoir (Stony Creek), Corning Canal, and Tehama-Colusa Canal service areas. This estimate is based on the results of the Payment Capacity Analysis for Tehama-Colusa Water Users Association completed in October 1994. This ability to pay study will be updated every five years in accordance with Section 105 of the Act of October 27, 1986 (Public Law 99-546).

2/ Represents State of California share of costs of fish and wildlife activities authorized under the Central Valley Project Improvement Act (Public Law 102-575), as follows: $9,329,000 for fish screens and fish recovery facilities associated with the Hamilton City Pumping Plant (Glenn-Colusa Irrigation District), and $21,854,000 for alternative fish passage facilities at Red Bluff Diversion Dam. These data are the result of an analysis of the cost-sharing requirements by individual program activity.

3/ Incremental cost of providing extra capacity and elevation in Tehama-Colusa Canal (Reaches 5-8A) to enable future water service to the planned West Sacramento Canal Unit service area, as authorized under Section 1 of the Act of August 19, 1967 (Public Law 90-65).

4/ Includes $282,000 for recreation, $99,864,000 for fish and wildlife, $7,888,000 for flood control, and $11,000 for preservation of historical and archaeological data under the Act of June 27, 1960 (Public Law 86-523).

Status of repayment contract

To date, 16 contracts for water service have been executed and six are still under negotiation. Contracts for the construction of four distribution systems have been executed.

Irrigation investment per acre

Irrigation investment is to be repaid from water and power revenues collected at the project level in compliance with the operationally and financially integrated project provision included in the project authorization. Each division and unit is part of the total project; some of the divisions develop water supplies and the other divisions and units deliver those water supplies. Irrigation investment data for the total authorized Central Valley Project are shown on the documents for the CVP, Miscellaneous Project Programs (page 145).

Status of NEPA compliance

Tehama-Colusa Canal, June 7, 1972; Tehama-Colusa Canal Supplemental, May 15, 1975; Fish Passage EIS, Draft, January 1997; Final, December 1997.

Appropriation ceiling

Not applicable.

Work proposed for FY 1996

CONSTRUCTION PROGRAM

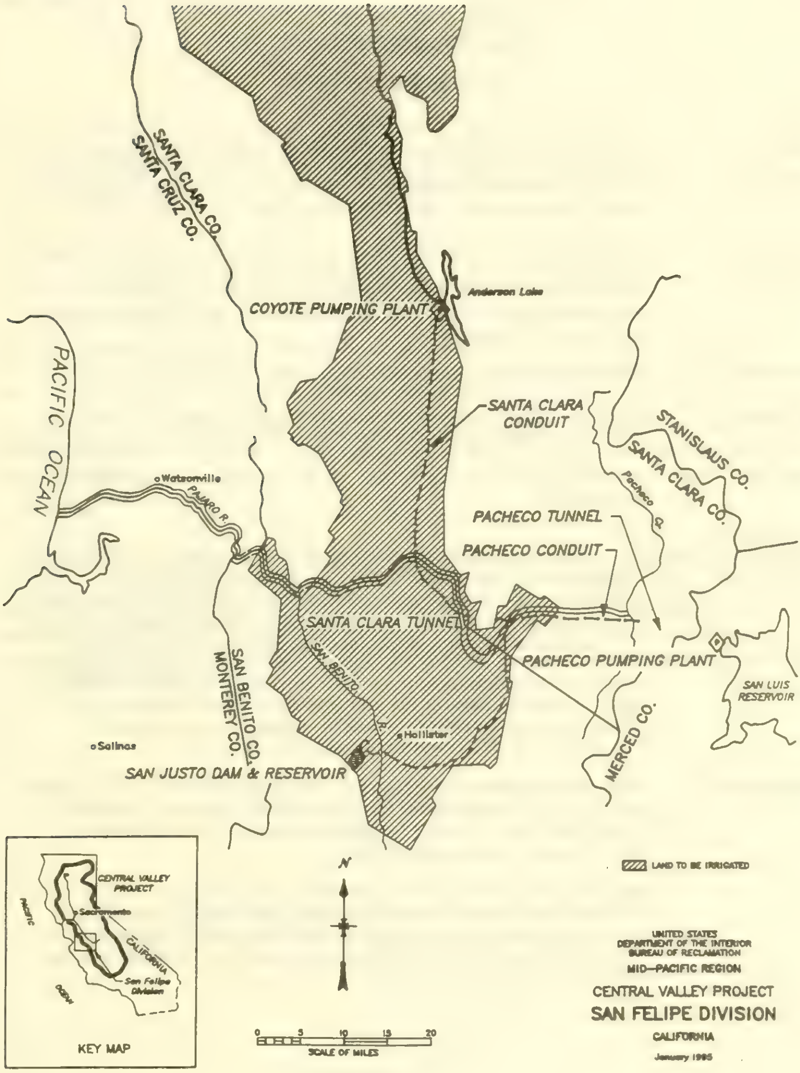
Other project cost - An evaluation program will continue for monitoring the effectiveness of the Demonstration Research Pumping Facility for fish passage for both upstream and downstream migrating anadromous fish. Studies for the environmental impact statement will continue. Installation of deer fencing along the Tehama-Colusa Canal will continue. Final specification preparation to fill existing ponds, stabilize and armor the channel at East Sand Slough will be completed. Studies and related environmental assessment for long-term concurrence for constant head orifice operation will be completed.

$3,075,000

RESTORATION FUND

Central Valley Project Improvement Act Supporting Investigations - Section 3406(e) (1-6). Work will continue on investigations in support of temperatures for anadromous fish survival, additional hatchery production, elimination of mitigation barriers to salmonids, temperature control device at Trinity Dam and Reservoir, Delta Cross Channel and Georgiana Slough and natural production in tributaries. **$ 1,500,000**

Non-Federal contribution	**$-2,200,000**
Total request	**$2,375,000**


SANTA CLARA CO.
SANTA CRUZ CO.
Anderson Lake
COYOTE PUMPING PLANT
PACIFIC OCEAN
SANTA CLARA CONDUIT
STANISLAUS CO.
SANTA CLARA CO.
Pacheco Cr.
Watsonville
PAJARO R.
PACHECO TUNNEL
PACHECO CONDUIT
SANTA CLARA TUNNEL
PACHECO PUMPING PLANT
SAN LUIS RESERVOIR
SAN BENITO R.
SAN BENITO CO.
MONTEREY CO.
MERCED CO.
Hollister
Salinas
SAN JUSTO DAM & RESERVOIR
CENTRAL VALLEY PROJECT
Sacramento
PACIFIC
OCEAN
CALIFORNIA
San Felipe Division
KEY MAP
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SCALE OF MILES
▨ LAND TO BE IRRIGATED
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
MID—PACIFIC REGION
CENTRAL VALLEY PROJECT
SAN FELIPE DIVISION
CALIFORNIA
January 1985

Central Valley Project
San Felipe Division

California

Location	This division is located in the central coastal area south of San Francisco, California, and embraces the Santa Clara Valley in Santa Clara County, the northern portion of San Benito County, the southern portion of Santa Cruz County, and the northern edge of Monterey County.
Description	An integral part of the Central Valley Project, this division delivers water supplies developed in the American River, Shasta and Trinity River divisions to users located in the San Felipe division service area. This division provides supplemental irrigation water to 38,689 acres and 135,400 acre-feet annually for municipal and industrial use.
Authorization	Public Law 90-72, August 27, 1967.
Land certification	August 20, 1975, for Hollister and Santa Clara service areas; and January 19, 1979, for the Watsonville service area.
Definite plan report	Final Status Report, October 9, 1981. No final decision on entity to fund and complete EIS.
Benefit cost ratio as of October 1, 1995	A benefit-cost ratio is no longer available for the Central Valley Project or any of its divisions and units. Benefit estimates submitted in support of the authorization of the original project features are out of date. Continued indexing of these estimates is inappropriate, and can be misleading. Benefit data for the in-service facilities are not available due to the high cost of collecting data. Recent additions to the list of authorized program activities have been justified on the basis of environmental goals rather than economic benefits. For that reason, benefit-cost ratios do not exist for fish and wildlife restoration and improvement activities authorized since the enactment of the Trinity River Restoration Act (Public Law 98-541, October 24, 1984).
Completion data	Water service facilities were substantially completed in FY 1987. The completion date for the Watsonville facilities is not known at this time due to uncertainty of whether water will be available for delivery to the area. As of September 30, 1994, the project is 89 percent complete. Water from San Luis Reservoir is transported to the service area through Pacheco Tunnel and other principal features. The Pacheco Tunnel Inlet was constructed under the authority included in the San Luis Unit Authorization Act, using funds included in the San Luis Unit fund allotment. The costs have been transferred to the San Felipe Division.

San Felipe Division . . . .

Summarized Financial Data

Total Federal obligations 1/	$350,778,000	Allotments to 9/30/94	$304,186,616
		Allotments for FY 1995	0
Net property and other transfers			
Federal participation	8,708,829	Allotments to date	$304,186,616
Non-Federal participation 2/	447,381	Allotments for FY 1996	664,000
Adjustment 3/ 4/	-210		
Total to be allocated	$359,934,000	Balance to complete	$ 45,927,384

1/ This document focuses on the total Federal obligations by Reclamation for the San Felipe Division. Total Federal obligations for the Department of Energy shown in the FY 1995 Budget Justification have been updated and included in a separate budget document submitted by that agency.

2/ Includes cash contributions of $50,000 by the San Felipe Committee for preconstruction studies, and $397,381 by County of San Benito for non-Federal share of cost of public use/recreation facilities at San Justo Reservoir.

3/ Rounding.

4/ The reimbursable interest during construction cost estimate shown in the FY 1995 Budget Justifications is included in the Allotments to date amount shown for the operating project. After further analysis, the transfer of $8,382,000 for the cost of the inlet to Pacheco Tunnel built concurrently with the San Luis Reservoir was included in the Net Property and Other Transfers - Federal Participation; this amount was shown as an adjustment in the FY 1995 Budget Justifications. Also, a credit of $33,000 shown in the FY 1995 Budget Justifications to San Benito County for public use facilities was inaccurate and has been removed.

Project Cost Allocation

Allocation	FY 1995 estimate	FY 1996 estimate
Irrigation	$144,076,000	$ 75,822,000
Municipal and industrial water	229,516,000	250,073,000
Recreation	13,093,000	16,434,000
Fish and wildlife	10,632,000	16,169,000
Non-Federal share 1/	50,000	0
Other	105,000	1,436,000 2/
Total	$397,472,000	$359,934,000

1/ Includes cash contribution of $50,000 by the San Felipe Committee for preconstruction studies. This is properly a joint cost to be allocated among all the division purposes.

2/ Includes $105,000 for preservation of archaeological resources, and $1,331,000 for preconstruction investigations.

Cost allocation methodology

The operational and financial integration provision of the Central Valley Project authorization requires that the cost allocation, ratesetting and repayment studies be performed for the total project rather than for individual divisions and units. In response to congressional requests for information on individual divisions and units, pro rata shares of the cost allocation for the total authorized project are shown for the individual divisions and units. Thus, the pro rata share of the project cost allocation shown for this division will change each time there is a change in the total estimated cost of the authorized Central Valley Project.

The net decrease in total cost to be allocated of $37,538,000 includes increases of $308,000 for wildlife mitigation contract values increase, $207,305 for Watsonville Water Service Study, $199,012 for transfer stipulations for San Justo Dam and Reservoir, $136,000 for purchase of land for wildlife mitigation site, $131,145 for reevaluation of contingency requirements, $47,560 for supervisory control system, $3,383 for landscaping at San Justo Dam and Reservoir, $2,907 for wildlife mitigation contact value increase, and $1,231 for public use/recreation facilities at San Justo Reservoir; and decreases of $35,397,000 for reimbursable interest during construction, $3,165,000 for Department of Energy obligations, $8,537 for Pacheco Conduit - Section 2, $3,382 for wildlife habitat planting and irrigation, and $624 for rounding.

San Felipe Division . . . .

Project Repayment

Repaid by	Amount
Irrigators	$ 75,822,000
M&I water users	250,073,000
Local entity 1/	447,000
Nonreimbursable 2/	33,592,000
Total	$359,934,000

1/ Includes $397,000 for non-Federal share of costs of recreation facilities to be repaid by the County of San Benito under Section 3 of Public Law 90-72, and $50,000 for cash contribution by the San Felipe Committee for preconstruction studies.

2/ Includes $16,037,000 for recreation, $16,169,000 for fish and wildlife, $105,000 for preservation of archaeological resources under Public Law 93-291, and $1,282,000 for preconstruction investigations.

Status of repayment contract

A water-service contract with Santa Clara Valley Water District was executed June 7, 1977, and validated November 10, 1977. Water-service contract with San Benito County Water Conservation and Flood Control District was executed April 15, 1978. On October 14, 1987, the Pajaro Valley Water Management Agency (PVWMA) passed a resolution expressing their intent to contract for 19,900 acre-feet of water for the Watsonville subarea. The California State Law, Section 5 of statutes of 1984 authorizes the formation of the PVWMA and prohibits the agency from importing water for M&I use. If M&I users benefit from importing San Felipe division water, Reclamation would be required to charge them M&I rates for their water. This issue will be resolved when the contract is negotiated.

Irrigation investment per acre

Irrigation investment is to be repaid from water and power revenues collected at the project level in compliance with the operationally and financially integrated project provision included in the project authorization. Each division and unit is part of the total project; some of the divisions develop water supplies and the other divisions and units deliver those water supplies. Irrigation investment data for the total authorized Central Valley Project are shown on the documents for the CVP, Miscellaneous Project Programs (page 145).

Status of NEPA compliance

A projectwide final environmental statement was filed with the Council on Environmental Quality March 8, 1976. Negative determination for conveyance system modification signed March 20, 1978. It is undetermined at this time when the environmental documentation on the Watsonville facilities will be filed with the Environmental Protection Agency.

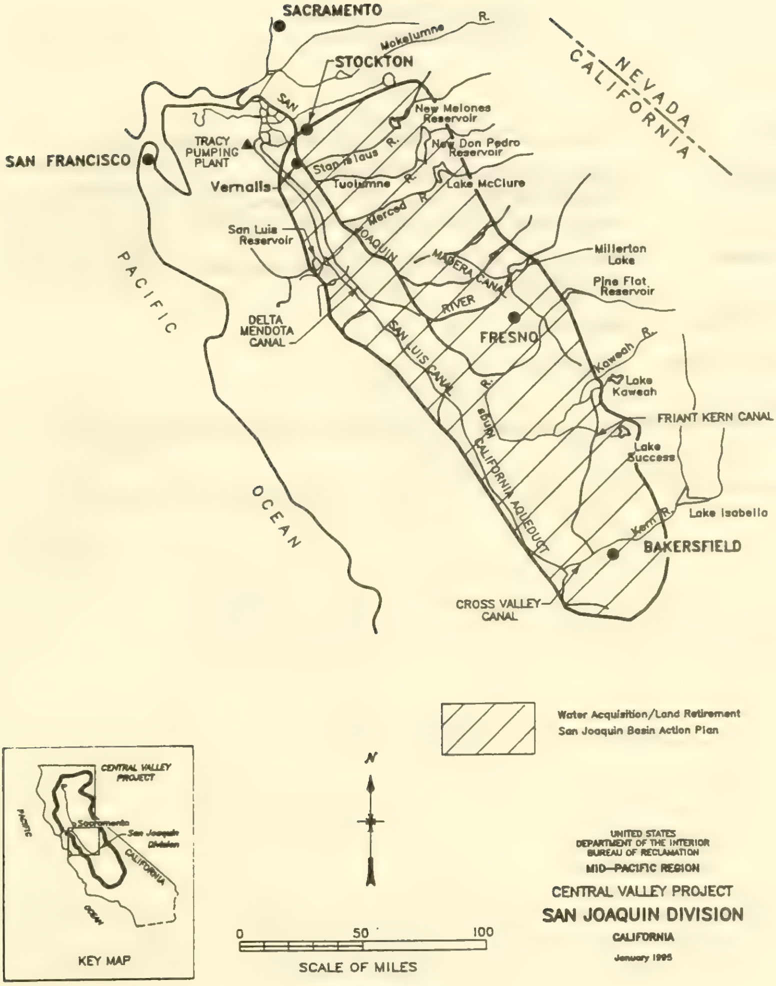
Other information At the request of the Pajaro Valley Water Management Agency, the system to serve the Watsonville Subarea has been tentatively postponed until a study to determine the engineering and economic feasibility of providing water service to the Subarea has been completed.

Appropriation ceiling Appropriations authorized are $355,376,000 (October 1995). The comparable Federal obligation, including $19,400,000 for a Federal loan to San Benito County Water Conservation and Flood Control District to build a distribution system, is $370,178,000 which does not exceed the ceiling by more than 5 percent. Estimating data on the Watsonville Facilities are not firm enough to determine if additional appropriation ceiling is necessary. The situation will be analyzed periodically as new and more precise data become available to determine the impact of the changes. Appropriate congressional committees will be advised of the ceiling status for this project at the time a firm commitment is made on the construction of the Watsonville Facilities. Depending on the type of facilities recommended for construction, it may be necessary to seek an additional increase in the projects appropriation ceiling. Current commitments will be held within the existing ceiling.

Work proposed for FY 1996

CONSTRUCTION PROGRAM

San Justo Dam/Reservoir - Transfer stipulations at San Justo Dam and Reservoir and minor clean up work will be completed.	**$200,000**
Wildlife Mitigation - The purchase of land for wildlife mitigation, and contracts for restoration of habitat will be initiated and completed.	**$464,000**
Total request	**$664,000**



Construction - 160

Central Valley Project
San Joaquin Division

California

Location	This division is located in the San Joaquin Valley of central California.
Description	An integral part of the Central Valley Project, the division was established in response to legislation enacted to protect, restore, and enhance fish, wildlife, and associated habitats in the Central Valley of California.
Authorization	Public Law 102-575, Reclamation Projects Authorization and Adjustment Act of 1992, October 30, 1992.
Land certification	Not applicable.
Definite plan report	Not applicable.
Benefit cost ratio as of October 1, 1995	Benefit-cost ratios are not required for activities authorized under Public Law 102-575.
Completion data	As of September 30, 1994, the San Joaquin Division was 2 percent complete.

San Joaquin Division . . . .

Summarized Financial Data

Total Federal obligations	$154,262,000	Allotments to 9/30/94	$11,970,697
		Allotments for FY 1995	19,226,000
Net property and other transfers			
Federal participation	55,000	Allotments to date	$31,196,697
Non-Federal participation		Allotments for FY 1996	18,123,000
Total to be allocated	$154,317,000	Balance to complete	$104,942,303

Project Cost Allocation

Allocation	FY 1995 estimate	FY 1996 estimate
Fish and wildlife	$136,291,000	$154,317,000
Total	$136,291,000	$154,317,000

Cost allocation methodology

Costs to be allocated are specific fish and wildlife costs.

The increase in total cost to be allocated of $18,026,000 includes $7,717,000 for contingencies, $7,444,000 for water acquisition program, $1,765,000 for indexing to October 1995 projected prices, and $1,100,000 for land retirement program.

Project Repayment

Repaid by	Amount
State and local entities 1/	$ 23,205,000
Nonreimbursable	131,112,000
Total	$154,317,000

1/ Includes $15,055,000 for water acquisition program, and $8,150,000 for San Joaquin Basin Action Plan. This represents a reduction in the non-Federal share of the total program costs shown in the FY 1995 Budget Justifications for the State of California participation in the Central Valley Project Improvement Act activities. This is the result of an analysis of the cost-sharing requirements by individual program activity.

Status of repayment contract	Not applicable.
Irrigation investment per acre	Not applicable.
Status of NEPA compliance	Not applicable.
Appropriation ceiling	Not applicable.

Work proposed for FY 1996

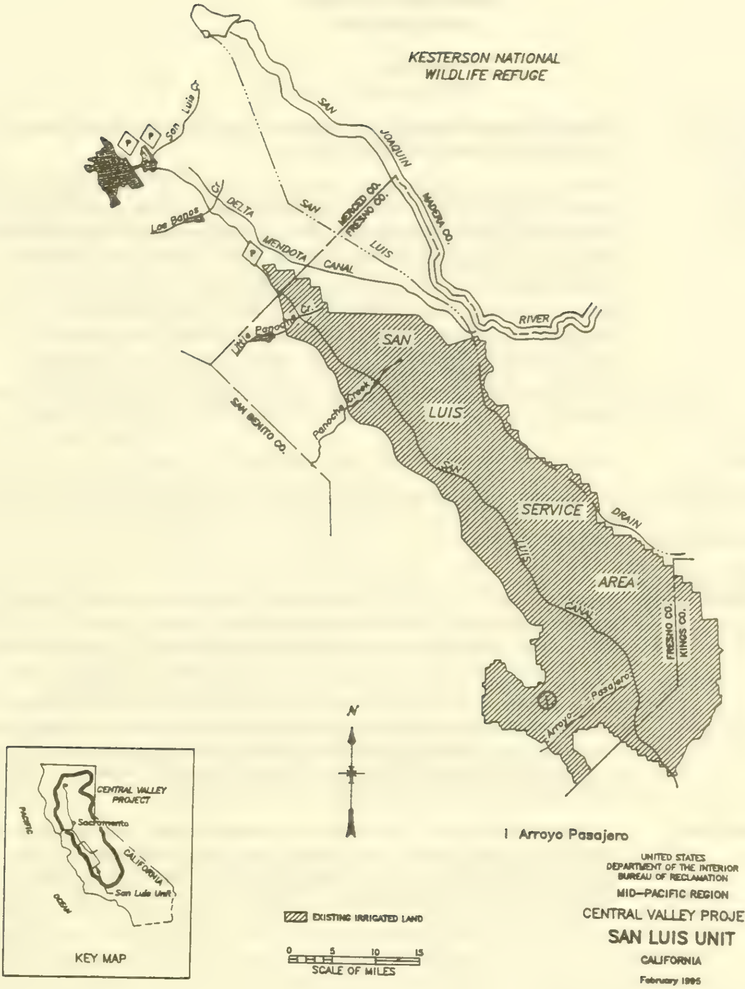
RESTORATION FUND

Water Acquisition - Section 3406(b)(3). The program to acquire additional water supplies to supplement the quantity of water dedicated to fish and wildlife purposes will be continued. The types of options which could be identified include improvements in or modifications of the operations of the Central Valley Project, water banking, conservation, transfers, conjunctive use and temporary and permanent land fallowing, including purchase, lease, and option of water, water rights, and associated agricultural use. **$11,005,000**

Land Retirement - Section 3408(h), 3406(b)(3). The land retirement program will continue. Land retirement, or taking land out of irrigated agricultural production, is a way to reduce irrigation drainage problems. At the same time, it provides opportunities to acquire water and increase or enhance wildlife habitat. **$ 6,118,000**

San Joaquin Basin Action Plan - Section 3406(d). Planning and design required for full implementation of the Plan will be continued. Right-of-way acquisition will be continued. The environmental compliance documentation will be completed and design and construction of the highest priority conveyance facilities will be initiated. **$ 1,000,000**

Total request **$18,123,000**



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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
MID–PACIFIC REGION
CENTRAL VALLEY PROJECT
SAN LUIS UNIT
CALIFORNIA
February 1995

Central Valley Project
San Luis Unit

California

Location	This unit is located near Los Banos on the west side of the San Joaquin Valley and 30 miles southwest of Fresno, California.
Description	An integral part of the Central Valley Project, the unit delivers water and power supplies developed in the American River, Shasta and Trinity River divisions to users located in the unit service area. The unit provides supplemental irrigation water to 651,000 acres, 26,500 acre-feet annually for municipal and industrial use, and generates 227,200 kilowatts of hydroelectric power. The 651,000 acres includes 583,000 acres of irrigable acres currently within Westlands Water District in accordance with Solicitors Opinion, June 17, 1986, which holds, in part, that the Act of June 3, 1960, authorizes the Secretary of the Interior to construct, operate, and maintain the San Luis Unit and accords the Secretary reasonable administrative discretion with regard to the size of the Federal San Luis Unit service area. The unit also provides recreation and flood control benefits.
Authorization	Public Law 86-488, June 3, 1960; and Public Law 95-46, June 15, 1977.
Land certification	May 11, 1962, below elevation 470; and February 14, 1979, above elevation 470.
Definite plan report	December 29, 1962.
Benefit cost ratio as of October 1, 1995	A benefit-cost ratio is no longer available for the Central Valley Project or any of its divisions and units. Benefit estimates submitted in support of the authorization of the original project features are out of date. Continued indexing of these estimates is inappropriate, and can be misleading. Benefit data for the in-service facilities are not available due to the high cost of collecting data. Recent additions to the list of authorized program activities have been justified on the basis of environmental goals rather than economic benefits. For that reason, benefit-cost ratios do not exist for fish and wildlife restoration and improvement activities authorized since the enactment of the Trinity River Restoration Act (Public Law 98-541, October 24, 1984).
Completion data	As of September 30, 1994, the project is 71 percent complete. The remaining construction program would require about 6 years, after reauthorization of the distribution and drainage system to provide additional appropriation ceiling, authority for increasing the service area, and other required authorizations.

San Luis Unit . . . .

Summarized Financial Data

Total Federal obligations 1/	$1,570,372,000	Allotments to 9/30/94	$565,284,664
		Allotments for FY 1995	647,000
Net property and other transfers			
Federal participation	-3,712,688	Allotments to date	$565,931,664
Non-Federal participation			
Cash 2/	232,772,114	Allotments for FY 1996	800,000
Non-cash 3/	36,581,719		
Adjustment 4/ 5/	-145		
Total to be allocated	$1,836,013,000	Balance to complete	$1,003,640,336

1/ This document focuses on the total Federal obligations by Reclamation for the San Luis Unit. Total Federal obligations for the Department of Energy have been included in a separate budget document submitted by that agency.

2/ Includes $224,662,627 from the State of California towards the State share of the cost of the San Luis Joint State-Federal water supply facilities. Costs of the Joint State-Federal facilities are funded 55 percent State and 45 percent Federal, under the provisions of Federal-State Contract No. 14-06-200-9755, December 31, 1961. Also includes $8,109,487 for construction charges payable by Westlands Water District under Contact No. 14-06-200-2020A, dated April 1, 1965, for that portion of the Westlands Distribution System used to deliver project water supplies to the LeMoore Naval Air Station. As provided for by Section 2 of the Act of August 10, 1972 (Public Law 92-378), agricultural and grazing lease revenues from lands of the LeMoore Naval Air Station are being used to provide repayment to the United States of construction charges attributable to such lands which would have been applicable if such lands were not owned by the Federal Government.

3/ Includes $34,358,259 for the State of California, Department of Water Resources, towards the State share of the cost of the Joint State-Federal water supply facilities; $581,719 for the State of California, Department of Water Resources, for the San Luis Dam Slide repairs; and $1,641,741 for the State of California, Department of Parks and Recreation, for recreation facilities at the B.F. Sisk San Luis Reservoir, Los Banos Creek Detention Dam, San Luis Canal, and O'Neill Forebay recreation sites.

4/ Rounding.

5/ Further analysis of the amounts shown in the FY 1995 Budget Justification revealed the following: The $12,754,000 shown for Safety of Dams construction activities at O'Neill Forebay Dam was included in the Safety of Dams program and should not have been included in the adjustments to the cost of this the San Luis Unit. Costs of replacements and additions completed by the Department of Energy have been updated and included in a separate budget document submitted by that agency. Current estimates of interest during construction for Department of Energy replacements and additions are included in a separate document prepared by that agency. The transfer of $8,382,000 for the cost of the inlet to Pacheco Tunnel built concurrently with the San Luis Reservoir (using funds allotted to the San Luis Unit) should be shown in the Net Property and Other Transfers - Federal Participation as a transfer to the San Felipe Division. The $2,653,002 cost of a 50-year power wheeling agreement with the Pacific Gas and Electric Company should be shown in the Net Property and Other Transfers - Federal Participation as a transfer to the Department of Energy.

Project Cost Allocation

Allocation	FY 1995 estimate		FY 1996 estimate	
Irrigation	$1,482,842,000		$1,206,281,000	
Municipal and industrial water	24,645,000		197,521,000	1/
Recreation	3,476,000		7,120,000	2/
Fish and wildlife	0		129,290,000	3/
Flood control	2,578,000		75,595,000	4/
Non-Federal Share	278,062,000	5/	0	6/
Other	14,533,000	7/	220,206,000	8/
Total	$1,806,136,000		$1,836,013,000	

1/ Increase in repayment obligation reflects the fact that smaller deficiencies were applied to M&I water use than to irrigation as an interim response to the reallocations of project water supplies directed by Title XXXIV of Public Law 102-575, Reclamation Projects Authorization and Adjustment Act of 1992, October 30, 1992.

2/ Represents the full cost of the recreation facilities at B.F. Sisk San Luis Reservoir, Los Banos Reservoir, San Luis Canal, and O'Neill Forebay. Amount shown in the FY 1995 Budget Justification represented only the Federal share of the costs of the recreation facilities installed at these sites.

3/ Represents San Luis Unit's share of the total authorized project cost allocated to the total fish and wildlife purpose under the operational and financial integration provision of the project authorization.

4/ Represents San Luis Unit's share of the total authorized project cost allocated to the total flood control purpose under the operational and financial integration provision of the project authorization.

5/ Includes $269,952,000 for State of California, Department of Water Resources, share of total cost of constructing Joint State-Federal facilities; and $8,110,000 for construction charges payable by Westlands Water District under Contact No. 14-06-200-2020A, dated April 1, 1965, for that portion of the Westlands Distribution System used to deliver project water supplies to the LeMoore Naval Air Station. As provided for by Section 2 of the Act of August 10, 1972 (Public Law 92-378), agricultural and grazing lease revenues from lands of the LeMoore Naval Air Station are being used to provide repayment to the United States of construction charges attributable to such lands which would have been applicable is such lands were not owned by the Federal Government.

6/ Included below in the costs allocated to the Other line item.

7/ Includes $1,439,000 for waterfowl conservation, $862,000 for wildlife refuges water supplies, $7,000 for preservation of historical and archaeological data; $1,384,000 for highway improvements; and, $10,841,000 for safety of dams.

8/ Includes $212,261,000 for State share of San Luis Unit; $7,000 for preservation of archaeological, historical and cultural data; $1,383,000 for highway improvements; and, $6,555,000 for safety of dams. In FY 1995 Budget Justification, the State share of the San Luis Unit amount was included in the costs allocated to the Non-Federal share line item.

Cost allocation methodology

The operational and financial integration provision of the Central Valley Project authorization requires that the cost allocation, ratesetting and repayment studies be performed for the total project rather than for individual divisions and units. In response to congressional requests for information on individual divisions and units, pro rata shares of the cost allocation for the total authorized project are shown for the individual divisions and units. Thus, the pro rata share of the project cost allocation shown for this division will change each time there is a change in the total estimated cost of the authorized Central Valley Project.

The net increase in the total cost to be allocated of $29,877,000 includes increases of $16,600,000 for Controlled River Drainage (CRD) drain water control facilities, $14,000,000 for CRD drain extension, $11,212,000 for indexing to October 1995 projected prices, $2,757,000 for source control projects, $1,200,000 for CRD monitoring systems and facilities, $79,091 for the long-term drainage plan, $65,305 for the San Joaquin Valley drainage program, $8,125 for revaluation of contingency requirements, and $407 for minor adjustments; and decreases of $12,754,000 for Safety of Dams construction activities at O'Neill Dam, $2,699,263 for replacement and additions by the Department of Energy, $572,898 for real-time drainage program, $10,985 for cleanup of Kesterson Reservoir, $7,691 for reimbursable interest during construction, and $91 for rounding.

Project Repayment

Repaid by	Amount
Irrigators	**$1,206,281,000**
Power 1/	**0**
M&I water users	**197,521,000**
State and local entities 2/	**219,782,000**
Nonreimbursable 3/ 4/	**212,429,000**
Total	**$1,836,013,000**

1/ Current estimate of total power revenue assistance requirement for the irrigation water service contractors located in the San Luis Unit service area. Previous estimate was invalidated by the interim response to the reallocations of project water supplies directed by Title XXXIV of Public Law 102-575, Reclamation Projects Authorization and Adjustment Act of 1992, October 30, 1992. An ability to pay study will have to be made to reflect the impact of deficiencies applied to the project water supplies available for delivery to the San Luis Unit.

2/ Includes $3,916,000 for the State of California, Department of Parks and Recreation, share of the costs of recreation facilities at B.F. Sisk San Luis Reservoir, Los Banos Reservoir, San Luis Canal, and O'Neill Forebay; $212,261,000 for the State of California, Department of Water Resources, share of the Joint State-Federal water facilities, under Section 10(b) of Federal-State Contract No. 14-06-200-9755, December 31, 1961, and Sections 9(d) and 30 of Contract No. 14-06-200-9755 Supplement No. 1; and, $3,605,000 for State of California share of the Safety of Dams program activities at B.F. Sisk San Luis Dam, Los Banos Creek Detention Dam and O'Neill Forebay Dam, under Federal-State Contract No. 14-06-200-9755, December 31, 1961.

3/ Includes $3,204,000 for recreation; $129,290,000 for fish and wildlife; $75,595,000 for flood control; $7,000 for preservation of historical and archaeological data under Public Law 86-523; $1,383,000 for incremental costs of improving existing roads to higher standards required for project construction (Public Law 87-874); and, $2,950,000 for Federal share of the Safety of Dams program activities at B.F. Sisk San Luis Dam, Los Banos Creek Detention Dam and O'Neill Forebay Dam under the Reclamation Safety of Dams Act of 1978, November 2, 1978 (Public Law 95-578), as amended in 1984 by Public Law 98-404.

4/ Detail shown in the FY 1995 Budget Justification for wildlife refuge water supply and waterfowl conservation are included in the total fish and wildlife amount in footnote 3/.

Status of repayment contract

Contracts were executed with Westlands Water District on June 5, 1963, and April 1, 1965, both subject to amendment for service to a larger area.

The existing 1965 repayment contract with the Westlands Water District covers expenditures up to $157,048,000. The Districts Board of Directors has also adopted a resolution pledging to repay costs of work authorized under Public Law 95-46 covering an additional $30,140,000. Negotiations for repayment of all costs under Public Law 95-46 were completed in December 1986, as part of the stipulation for the compromised settlement, commonly known as the "Barcellos Judgment".

On December 30, 1986, the United States District Court in and for the Eastern District of California entered a judgment in the Westlands Water District's lawsuit and another lawsuit which had been partially consolidated with the District's lawsuit, thereby resolving Reclamation's repayment contract. Upon completion of the necessary environmental documentation, and conclusion of the Contra Costa litigation, Reclamation will resume negotiations of a long-term contract to provide an additional 250,000 acre-feet of water each year to the District. Negotiations for supplemental or amendatory repayment contract will be initiated after the drainage needs and solutions have been identified. The discovery of high concentrations of selenium and other trace elements in the San Luis Drain and Kesterson Reservoir necessitated expanding studies to identify alternative drainage solutions.

Irrigation investment per acre

Irrigation investment is to be repaid from water and power revenues collected at the project level in compliance with the operationally and financially integrated project provision included in the project authorization. Each division and unit is part of the total project; some of the divisions develop water supplies and the other divisions and units deliver those water supplies. Irrigation investment data for the total authorized Central Valley Project are shown on the documents for the CVP, Miscellaneous Project Programs (page 145).

Status of NEPA compliance

A projectwide environmental statement was filed with the Council on Environmental Quality October 4, 1972. A draft supplement to the final was filed with the Council on Environmental Quality July 30, 1979. A draft environmental statement for cleanup and closure of the San Luis Drain and Kesterson Reservoir was filed with the Environmental Protection Agency April 30, 1986; final filed October 20, 1986. A draft environmental statement on a plan developed as a result of the Barcellos Judgment, was filed with the Environmental Protection Agency December 20, 1991. This plan was not accepted as complying with the Barcellos Judgement, and it is still undetermined if and when the final environmental statement will be filed.

Other information

Because of the need for additional appropriation cost ceiling, Public Law 95-46 authorized $31,050,000 to be appropriated in FY 1978 for continuation of construction of the Westlands Water District and San Luis Water District Distribution System and the San Luis Drain. On July 19, 1982, the Comptroller General issued decision B-198221 which stated that Public Law 95-46 funds were appropriated for obligation only in FY 1978. Section 140 of Public Law 97-377, approved December 21, 1982, provides that Public Law 95-46 funds are henceforth available until expended. On June 17, 1986, the Solicitor issued Solicitors Opinion M-36901 (Supplemental No. 1) which determined that the San Luis Drain can be constructed under the indexed cost ceiling in the San Luis Unit authorization act of June 3, 1960, Public Law 86-488, and further held that more than 500,000 acres could be served from the unit.

On December 30, 1986, the United States District Court, in and for the Eastern District of California entered a Judgment in a lawsuit which resolves Reclamations contract disputes with the Westlands Water District concerning the amount of Central Valley Project water to which the District is entitled through December 31, 2008, and the rates it must pay for that water. In addition, on November 26, 1975, a lawsuit was filed by the Contra Costa Water District requesting that the United States be enjoined from executing a proposed amendatory water service contract with Westlands Water District until the provisions of Public Law 91-190 (National Environmental Policy Act) had been complied with. A stipulation entered into by the United States in the lawsuit required the completion of a supplemental Environmental Impact Statement on the amendatory water service contract by December 31, 1986, but the parties to that lawsuit are still negotiating a further amendment of that stipulation.

The discovery of high concentrations of selenium and other trace elements in the San Luis Drain and Kesterson Reservoir necessitated studies be conducted to develop and evaluate economically viable and environmentally sound alternatives for the containment and/or treatment and disposal of subsurface drainage water, for both an interim and permanent solution. On February 5, 1985, the State Water Resources Control Board directed Reclamation to submit a plan detailing actions to clean up Kesterson Reservoir and to protect the wildlife of the area and waters of the State. On July 6, 1988, a contract was awarded to Dutra Construction to fill the ephemeral pool areas. This contract was substantially completed on November 16, 1988. A monitoring/evaluation program continues at Kesterson Reservoir under the Operation and Maintenance program.

The Arroyo Pasajero, located in Fresno County, is a dry wash which drains the four streams of the Coalinga stream group. Flood waters from the stream group travel to the San Luis Canal where they are ponded. Large concentrations of asbestos have been discovered within the flood waters and sediments of the ponding area originating from naturally erosive deposits in the upper watershed and from abandoned asbestos mines which are currently listed on the Environmental Protection Agency Superfund List. When the ponding area dries out after a flood, the presence of asbestos presents a hazard of becoming airborne during farming operations and from natural wind patterns. A feasibility study is currently being conducted jointly with the California Department of Water Resources, with 55 percent State and 45 percent Federal funding. The draft feasibility report was completed in March 1990. The final feasibility report is scheduled to be finalized in October 1996.

In 1986, a U.S. District Court judgment settled a lawsuit between Westlands Water District (Westlands), Reclamation, and various classes of landowners and water users in Westlands. Among other things, the judgment deals with the supply of water to Westlands, the distribution of that water to lands within Westlands, and the provision of drainage service to Westlands. The judgment is commonly called the Barcellos Judgment. As stipulated in the judgment, the Federal parties submitted to Westlands Water District a draft plan for drainage service before December 31, 1991. On May 29, 1992, U.S. District Court Judge Wanger determined that the drainage plan did not meet the specifications stated in the Barcellos Judgement and ordered that all monies deposited into the Drainage Trust Fund be released and refunded by the Trustee to the Westlands Water District and other landowners.

San Luis Unit . . . .

In early 1992, landowners in Westlands Water District and Westlands Water District itself again filed a lawsuit against the United States for failure to provide drainage. This action has come to be referred to as the "Sumner-Peck" litigation. The case was partially consolidated with another lawsuit brought by two downslope exchange contractors, Firebaugh Canal Company and Central California Irrigation District, which claims damages from failure to provide drainage upslope in the San Luis Unit. In May 1993, U.S. District Court Judge Wanger granted a motion for partial summary judgement stating that the Secretary of the Interior has an obligation to provide drainage as specified in the San Luis Act. In December 1994, following a first phase trial, Judge Wanger entered findings of fact and conclusions of law stating the Secretary of the Interior's obligation has not been excused, either factually or legally, and failure to complete the San Luis Drain constitutes agency action unlawfully withheld. An injunctive order directing that the Secretary of the Interior take all reasonable and necessary actions to complete the San Luis Drain is expected to be forthcoming.

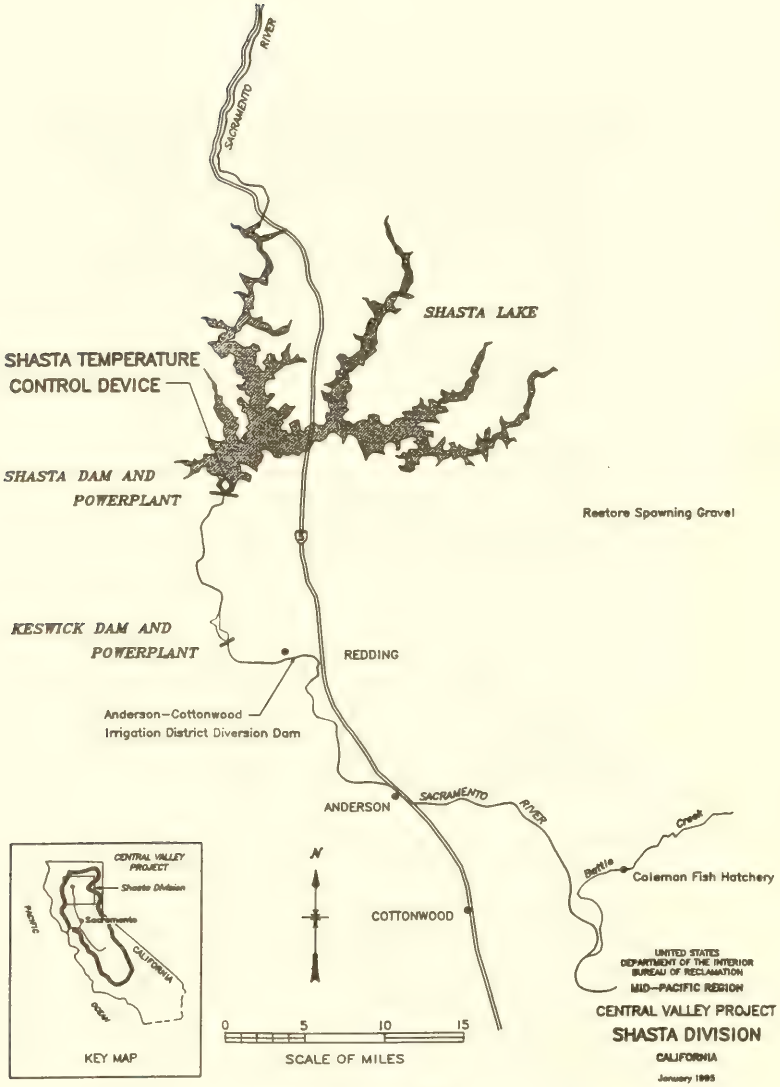
Appropriation ceiling Appropriations authorized for the Federal and joint-use facilities are $599,251,000 (October 1995). The comparable Federal obligation is $1,570,372,000, which exceeds the ceiling by more than the amount of contingencies included in the obligation. Appropriate congressional committees will be advised of the ceiling status for this portion of the project. Legislation to provide additional appropriation ceiling would be needed to complete the project as authorized. Current commitments will be held within the existing ceiling.

Appropriations authorized for the San Luis Unit Distribution and Drainage System are $252,970,311. The comparable Federal obligation is $343,651,171 (including $13,640,951 Loan Program funds provided to the San Luis Water District), which exceeds the ceiling by more than the amount of contingencies included in the obligation. Appropriate congressional committees have been advised of the ceiling status for this portion of the project. Legislation to provide additional appropriation ceiling is needed to complete the project as authorized. Current commitments will be held within the existing ceiling.

Work proposed for FY 1996

CONSTRUCTION PROGRAM - Continue to sustain Reclamation's involvement and commitments with respect to drainage problems in the San Luis Unit.

Joint-Use Facilities - Coordination activities with the State of California for Arroyo Pasajero will continue.	**$ 500,000**
Federal Facilities - Development and implementation of drainage reduction and management activities will continue.	**$ 575,000**
Non-Federal participation	**$-275,000**
Total request	**$ 800,000**


SACRAMENTO RIVER
SHASTA LAKE
SHASTA TEMPERATURE CONTROL DEVICE
SHASTA DAM AND POWERPLANT
5
Restore Spawning Gravel
KESWICK DAM AND POWERPLANT
REDDING
Anderson—Cottonwood Irrigation District Diversion Dam
ANDERSON
SACRAMENTO RIVER
Battle Creek
Coleman Fish Hatchery
COTTONWOOD
CENTRAL VALLEY PROJECT
Shasta Division
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SCALE OF MILES
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
MID—PACIFIC REGION
CENTRAL VALLEY PROJECT
SHASTA DIVISION
CALIFORNIA
January 1995

Central Valley Project
Shasta Division

California

Location	This division is located in Shasta County in northeastern California.
Description	As an integral part of the Central Valley Project, this division develops water and power supplies for delivery to users located in the Shasta division service area and elsewhere in the Central Valley Project service area. The Shasta division provides supplemental irrigation service to 499,694[1/] acres and 10,710 acre-feet annually for municipal and industrial use in the division service area, generates 614,000 kilowatts of hydropower, and provides fish and wildlife and flood control benefits.
Authorization	Emergency Relief Appropriation Act of 1935, April 8, 1935. The Central Valley Project was authorized by a finding of feasibility by the Secretary of the Interior, and approved by the President on December 2, 1935; Public Law 392, Rivers and Harbors Acts of 1937, August 26, 1937; Public Law 868, Rivers and Harbors Act of 1940, October 17, 1940; Public Law 99-546, Coordinated Operations Agreement, Suisun Marsh Preservation Agreement and Small Reclamation Projects Act of 1986, October 27, 1986; and Public Law 102-575, Reclamation Projects Authorization and Adjustment Act of 1992, October 30, 1992.
Land certification	Not applicable.
Definite plan report	To be completed as required.
Benefit cost ratio as of October 1, 1995	Data are nonexistent for use in calculating a benefit-cost ratio for construction activities authorized prior to the passage of Public Law 102-575. For those work activities authorized under Public Law 102-575, a benefit-cost determination is not required.
Completion data	As of September 30, 1994, the Shasta Division was 74 percent complete. Completed and operational major features include: Shasta Dam and Reservoir, Keswick Dam and Reservoir, and Shasta and Keswick Powerplants and Switchyards.

1/ Number was updated to reflect the acreage figure included in the most recent Reclamation Crop Production Report.

Shasta Division . . . .

Summarized Financial Data

Total Federal obligations 1/	$307,829,000	Allotments to 9/30/94	$186,365,886
		Allotments for FY 1995	28,201,000
Net property and other transfers			
Federal participation	1,001	Allotments to date	$214,566,886
Non-Federal participation 2/	20,000,000	Allotments for FY 1996	12,630,000
Adjustment 3/ 4/	-1		
Total to be allocated	$327,830,000	Balance to complete	$ 80,632,114

1/ This document focuses on the total Federal obligations by Reclamation for the Shasta Division. Total Federal obligations for the Department of Energy shown in the FY 1995 Budget Justification have been updated and included in a separate budget document submitted by that agency.

2/ State of California and/or power users contributions for construction of Shasta Temperature Control Device.

3/ Rounding.

4/ Current estimate of interest during construction for Department of Energy program activities is included in a separate document prepared by that agency.

Project Cost Allocation

Allocation	FY 1995 estimate	FY 1996 estimate	
Irrigation	$99,283,000	$102,566,000	
Power	70,508,000	34,588,000	1/
Municipal and industrial water	19,593,000	27,788,000	
Fish and wildlife	95,912,000	156,460,000	
Flood control	34,523,000	6,428,000	
Navigation 2/	2,901,000	0	
Total	$322,720,000	$327,830,000	

1/ Represents Shasta Division's share of the total authorized project cost allocated to the preference power users under the operational and financial integration provision of the project authorization. Previous estimate included amounts for project use power used to deliver project water supplies to the irrigation and municipal and industrial (M&I) water users; current estimates of project use power costs are included in the total of the costs allocated to the irrigation and M&I water supply functions.

2/ Previous allocation was based on operation of project in support of the commercial barges used to transport rice from the growers to the storage elevators located downstream in Sacramento. Because trucks have replaced the barges, there has been no need for the project to be operated in support of the navigation purpose since 1981--the first year of the 50-year project repayment period defined by Public Law 99-546. Therefore, the allocation of project costs to the navigation purpose has been discontinued.

Cost allocation methodology

The operational and financial integration provision of the Central Valley Project authorization requires that the cost allocation, ratesetting and repayment studies be performed for the total project rather than for individual divisions and units. In response to congressional requests for information on individual divisions and units, pro rata shares of the cost allocation for the total authorized project are shown for the individual divisions and units. Thus, the pro rata share of the project cost allocation shown for this division will change each time there is a change in the total estimated cost of the authorized Central Valley Project.

The net increase in the total cost to be allocated of $5,110,000 includes increases of $7,572,742 for contingency requirements, $1,305,000 for indexing to October 1995 price levels, $992,000 for contract reevaluation for rehabilitation of the Coleman National Fish Hatchery, $890,000 for an in-depth review of restoration requirements for Clear Creek, $600,000 after further refinements to the Spawning Gravel Program, $200,000 for modifications to Keswick Stilling Channel to meet Biological Opinion Mandates, and $140,000 for construction of a guard station at Shasta Dam; decreases of $300,000 for microwave communications equipment, $150,000 for purchase of an air compressors, and $258 for rounding; decrease of $6,140,000 for deletion of reimbursable interest during construction.

Shasta Division . . . .

Project Repayment

Repaid by	Amount
Irrigators	$102,566,000
Power users	34,588,000
M&I water users	27,788,000
State of California 1/	34,554,000
Nonreimbursable 2/ 3/	128,334,000
Total	$327,830,000

1/ Represents State of California share of costs of fish and wildlife activities authorized under the Central Valley Project Improvement Act (Public Law 102-575), as follows: $20,000,000 for Shasta Temperature Control Device, $6,923,000 for Keswick Facilities (Anderson-Cottonwood Irrigation District), and $7,631,000 for restoration of spawning gravel on the upper Sacramento, American, and Stanislaus Rivers. This represents a reduction in the non-Federal share of the total program costs shown in the FY 1995 Budget Justifications for the State of California participation in the Central Valley Project Improvement Act activities. This is the result of an analysis of the cost-sharing requirements by individual program activity.

2/ Includes $121,906,000 for fish and wildlife, and $6,428,000 for flood control.

3/ Detail shown in the FY 1995 Budget Justification for fish and wildlife enhancement, fish and wildlife mitigation, waterfowl conservation, and wildlife refuge water supply are included in the total fish and wildlife amount.

Status of repayment contract	To date, four contracts for water service have been executed.
Irrigation investment per acre	Irrigation investment is to be repaid from water and power revenues collected at the project level in compliance with the operationally and financially integrated project provision included in the project authorization. Each division and unit is part of the total project; some of the divisions develop water supplies and the other divisions and units deliver those water supplies. Irrigation investment data for the total authorized Central Valley Project are shown on the documents for the CVP, Miscellaneous Project Programs (page 145).
Status of NEPA compliance	Will be completed as required.
Appropriation ceiling	Not applicable.

Work proposed for FY 1996

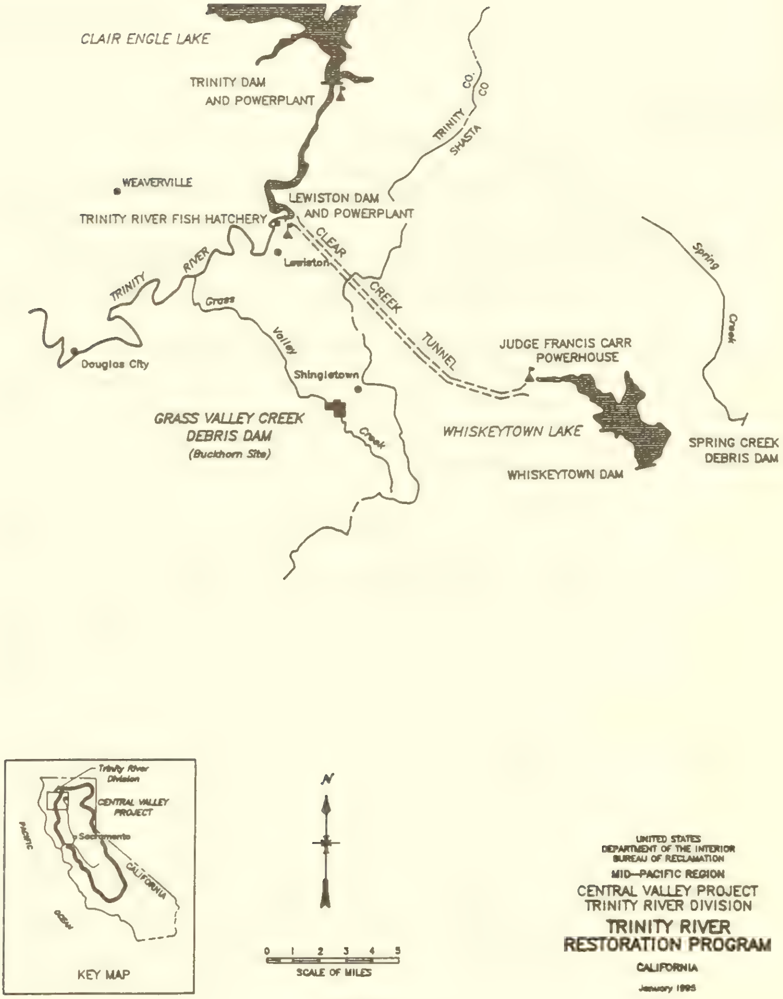
CONSTRUCTION PROGRAM

Shasta Temperature Control Device - Section 3406(b)(6). Construction of the Shasta Temperature Control Device will continue.	$ 20,549,000
Keswick Facilities - Section 3406(b)(17). Development and implementation of a program to resolve fishery passage problems at the Anderson-Cottonwood Irrigation District Diversion dams as well as upstream stranding problems related to its operation will be initiated.	$ 200,000
Non-Federal Participation - State of California contribution for Shasta Temperature Control Device. 1/	$-20,000,000
Subtotal, Regular Construction	$ 749,000

RESTORATION FUND

Shasta Temperature Control Device - Section 3406(b)(6). Construction of the Shasta Temperature Control Device will continue.	$ 11,281,000
Restoration of Spawning Gravels - Section 3406(b)(13). A program will be initiated for restoration of spawning gravel on the upper Sacramento, American, and Stanislaus Rivers. A program will be developed to reestablish meander belts and to limit bank protection activities to avoid and reduce habitat loss.	$ 600,000
Subtotal, Restoration Fund	$ 11,881,000
Total request	$ 12,630,000

1/ A commitment from the State to provide these funds must be received by March 31, 1995; otherwise Reclamation's budget request will need to be adjusted. A list of offsets in the FY 1996 budget would be identified for reduction in order to ensure payment of contract costs incurred for the Shasta TCD.



Construction - 180

Central Valley Project
Trinity River Restoration Program

California

Location	This division is located in Trinity and Humboldt Counties in northwestern California.
Description	An integral part of the Central Valley Project, the Trinity River Division develops water and power supplies for delivery to users located in the division service area and elsewhere in the Central Valley Project service area. The facilities constructed under the original Trinity River Act provide full irrigation service to 6,676 acres, supplemental water service to 7,121 acres[1], and 4,810 acre-feet annually for municipal and industrial use in the division service area; and generation of 397,350 kilowatts of hydroelectric power. The purpose of the restoration program is to restore the fish and wildlife populations in the Trinity River to the levels approximating those which existed before the construction of the original division facilities.
Authorization	Public Law 84-386, August 12, 1955; Public Law 96-335, September 4, 1980; Public Law 98-541, October 24, 1984; and, Public Law 102-377, October 2, 1992.
Land certification	None required.
Definite plan report	None required.
Benefit cost ratio as of October 1, 1995	A benefit-cost ratio is no longer available for the Central Valley Project or any of its divisions and units. Benefit estimates submitted in support of the authorization of the original project features are out of date. Continued indexing of these estimates is inappropriate, and can be misleading. Benefit data for the in-service facilities are not available due to the high cost of collecting data. Recent additions to the list of authorized program activities have been justified on the basis of environmental goals rather than economic benefits. For that reason, benefit-cost ratios do not exist for fish and wildlife restoration and improvement activities authorized since the enactment of the Trinity River Restoration Act (Public Law 98-541, October 24, 1984).
Completion data	Grass Valley Creek (Buckhorn) Debris Dam was completed in FY 1990. Trinity River Hatchery Modification completed in FY 1991. As of September 30, 1994, the restoration program is 99 percent complete. A decision has been made by the 14 agency members of the Trinity Task Force to seek additional authority and cost ceiling in order to complete necessary restoration activities.

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[1] Number was changed to reflect the acreage figure included in the most recent Reclamation Crop Production Report.

Trinity River Restoration . . . .

Summarized Financial Data

Total Federal obligations 1/	$329,743,000	Allotments to 9/30/94	$302,100,396
		Allotments for FY 1995	4,295,000
Net property and other transfers			
Federal participation	1,318,696	Allotments to date	$306,395,396
Non-Federal participation	0	Allotments for FY 1996	5,067,000
Adjustment 2/ 3/	304		
Total to be allocated	$331,062,000	Balance to complete	$ 18,280,604

1/ This document focuses on the total Federal obligations by Reclamation for the Trinity River Division and Trinity River Restoration Program. Total Federal obligations for the Trinity River Division by the Department of Energy shown in the FY 1995 Budget Justification have been updated and included in a separate budget document submitted by that agency.

2/ Rounding.

3/ Reimbursable interest during construction cost estimate shown for Reclamation program costs in the FY 1995 Budget Justification is included in the Allotments to date amount shown for the operating project. Current estimate of interest during construction on remaining Reclamation program costs is not calculated for future activities until specific construction work is identified. Current estimate of interest during construction for Department of Energy program activities is included in a separate document prepared by that agency.

Project Cost Allocation

Allocation	FY 1995 estimate		FY 1996 estimate	
Irrigation	$101,945,000		$145,435,000	
Power	169,214,000		49,045,000	
Municipal and industrial water	19,996,000		39,402,000	
Recreation	611,000		611,000	
Fish and wildlife	41,221,000	1/	87,455,000	2/
Flood control	16,544,000		9,114,000	
Navigation	1,542,000		0	3/
Non-Federal Share	13,760,000	4/	0	5/
Total	$364,833,000		$331,062,000	

1/ Includes $2,412,000 for fish and wildlife enhancement, $36,847,000 for fish and wildlife mitigation, $509,000 for refuge water supplies, and $1,453,000 for waterfowl conservation.

2/ Represents total allocation of costs to fish and wildlife purpose, including amounts allocated to related line items shown separately in the FY 1995 Budget Justification.

3/ Previous allocation was based on operation of project in support of the commercial barges used to transport rice from the growers to the storage elevators located downstream in Sacramento. Because

trucks have replaced the barges, there has been no need for the project to be operated in support of the navigation purpose since 1981 – the first year of the 50-year project repayment period defined by Public Law 99-546. Therefore, the allocation of project costs to the navigation purpose has been discontinued.

4/ The State of California and the counties of Humboldt and Trinity in California will pay to the Treasury of the United States an amount equal to 15 percent of the total amount of money that is expended for carrying out Grass Valley Creek activities, under Section 4(b) of the Act of October 24, 1984 (Public Law 98-541). The amount shown in the FY 1995 Budget Justification is a repayment obligation and has been allocated to the fish and wildlife purpose.

5/ Updated amount is included above in allocation of costs to fish and wildlife purpose and below in amount to be repaid by the State and local entities.

Cost allocation methodology

The operational and financial integration provision of the Central Valley Project authorization requires that the cost allocation, ratesetting and repayment studies be performed for the total project rather than for individual divisions and units. In response to congressional requests for information on individual divisions and units, pro rata shares of the cost allocation for the total authorized project are shown for the individual divisions and units. Thus, the pro rata share of the project cost allocation shown for this division will change each time there is a change in the total estimated cost of the authorized Central Valley Project.

The net decrease in the total cost to be allocated of $33,771,000 includes increases of $6,251,589 for Buckhorn Debris Dam, $16,399,368 for Trinity River Fish and Wildlife Management Program, and $257 for Trinity Hatchery Modification; and decreases of $46,129,000 for Department of Energy obligations, $10,293,000 for reimbursable interest during construction, and $214 for rounding.

Trinity River Restoration . . . .

Project Repayment

Repaid by	Amount
Irrigators	$145,435,000
Power users	49,045,000
M&I water users	39,402,000
State and local entities 1/	5,322,000
Nonreimbursable 2/	91,858,000
Total	$331,062,000

1/ The State of California and the counties of Humboldt and Trinity in California will pay to the Treasury of the United States an amount equal to 15 percent of the total amount of money that is expended for carrying out Grass Valley Creek activities, under Section 4(b) of the Act of October 24, 1984 (Public Law 98-541).

2/ Includes $611,000 for recreation, $82,133,000 for fish and wildlife, and $9,114,000 for flood control. Amount shown for fish and wildlife includes costs of fish and wildlife mitigation, fish and wildlife enhancement, wildlife refuge water supply, waterfowl conservation activities, and an allocated share of the remaining joint costs of the total authorized project.

Status of repayment contract

The State of California and Trinity and Humboldt Counties have agreed to repay 15 percent of amounts appropriated for Grass Valley Creek activities. The State of California provided repayment assurance on September 1, 1985.

Fifty percent of appropriated amounts are being repaid by water and power users of the Central Valley Project water via existing or future water service contracts.

Repayment obligations shown above for irrigators, power users, and municipal and industrial water users include provisions for repayment of the restoration program, as directed by the Act of October 24, 1984 (Public Law 98-541).

Irrigation investment per acre

Irrigation investment is to be repaid from water and power revenues collected at the project level in compliance with the operationally and financially integrated project provision included in the project authorization. Each division and unit is part of the total project; some of the divisions develop water supplies and the other divisions and units deliver those water supplies. Irrigation investment data for the total authorized Central Valley Project are shown on the documents for the CVP, Miscellaneous Project Programs (page 145).

Status of NEPA compliance

Buckhorn Debris Dam Final Environmental Statement was filed with the Environmental Protection Agency August 18, 1986. A Categorical Exclusion checklist for the Trinity Fish Hatchery was completed on October 6, 1983.

Other information

Public Law 84-386 authorized the construction of Trinity River Division. Public Law 96-335 authorized construction of sediment control facilities on Grass Valley Creek, a tributary to the Trinity River, which includes Buckhorn debris dam and a sand dredging system. Public Law 98-541 authorized the Trinity River Fish and Wildlife Management Program. This program is to provide for the restoration of the fish and wildlife in the Trinity River Basin. Public Law 98-541 also set forth cost-sharing stipulations for the management program and included Grass Valley Creek activities in the cost-sharing thereby amending Public Law 96-335 which provided that all costs for construction of the debris dam would be nonreimbursable. Public Law 102-377 increased the Trinity River Restoration Program ceiling by $15,000,000.

Appropriation ceiling

Appropriations authorized (Public Law 84-386, Public Law 96-335, Public Law 98-541, and Public Law 102-377) are $345,702,640 (October 1995). Currently, Trinity River Division, Grass Valley Creek, and Trinity River Basin Fish and Wildlife Management program are under separate appropriation ceilings. Expenditures for work related to the Trinity River Division and Grass Valley Creek will not exceed their authorized appropriation ceilings.

The separate authorized appropriation ceiling for the Trinity River Basin Fish and Wildlife Program is $67,480,000 (October 1995). This authorization for appropriations expires on October 1, 1995. Authorizing legislation will be proposed to support the FY 1996 Budget request for the Trinity River Restoration Program. The legislative proposal would extend the expiration date and increase the authorized appropriation ceiling for the Trinity River Basin Fish and Wildlife Management Program.

Work Proposed for FY 1996

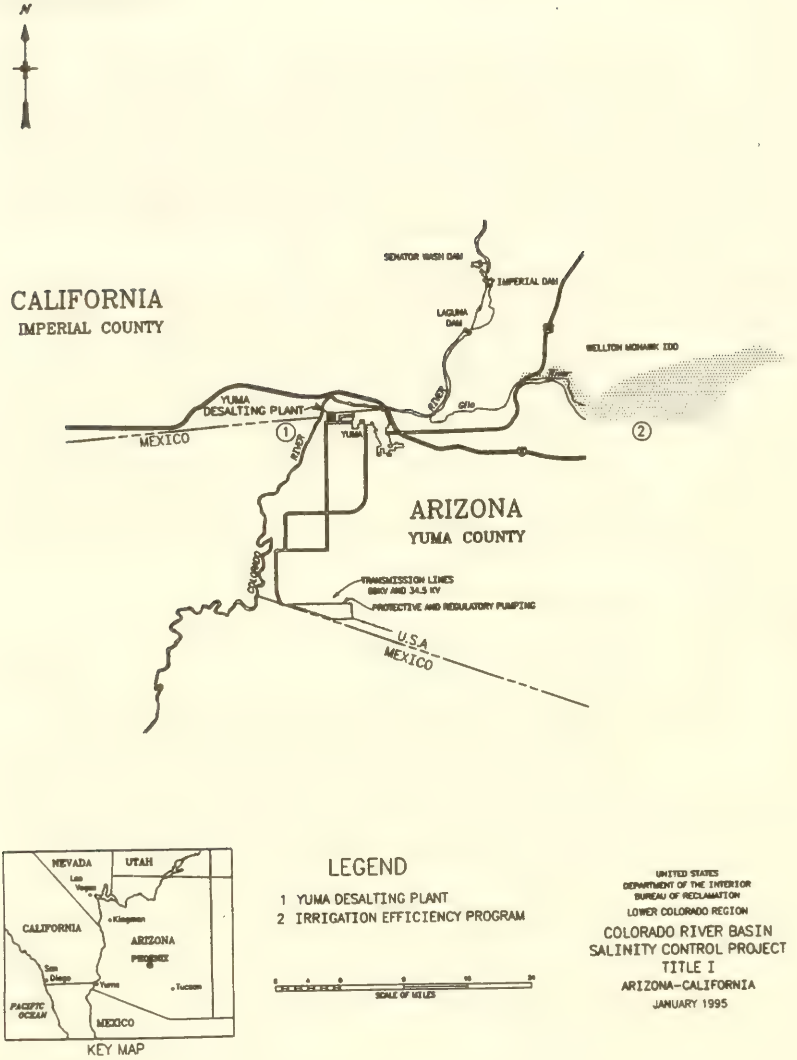
CONSTRUCTION PROGRAM

Grass Valley Creek Area - The stabilization of decomposed granitic materials at will continue. **$1,800,000**

Trinity River Fish and Wildlife Management Plan - An interagency agreement with the Hoopa Valley Indian Tribe to continue their association with the Cooperative for Comprehensive Fisheries Management will be implemented. This agreement will provide the resources necessary for the Tribe to continue to receive meeting reports and annual trust evaluations, and to prepare a final report which will consolidate the numerous efforts to restore anadromous fish populations on the Trinity and Klamath Rivers. Construction activities will be completed for rehabilitation of the main river, tributaries, watersheds, and wildlife habitat. **$3,222,000**

Trinity River Hatchery Evaluation - The evaluation of the Trinity Hatchery to determine the effectiveness, operation and product of the Trinity River Hatchery steelhead production will continue. **$ 45,000**

Total request **$5,067,000**


N
CALIFORNIA
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LAGUNA DAM
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YUMA COUNTY
COLORADO
TRANSMISSION LINES
69KV AND 34.5 KV
PROTECTIVE AND REGULATORY PUMPING
U.S.A
MEXICO
NEVADA
UTAH
Las Vegas
Kingman
CALIFORNIA
ARIZONA
PHOENIX
San Diego
Yuma
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PACIFIC OCEAN
MEXICO
KEY MAP
LEGEND
1 YUMA DESALTING PLANT
2 IRRIGATION EFFICIENCY PROGRAM
SCALE OF MILES
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
LOWER COLORADO REGION
COLORADO RIVER BASIN
SALINITY CONTROL PROJECT
TITLE I
ARIZONA-CALIFORNIA
JANUARY 1995

Colorado River Basin Salinity Control Project
Title I Division
Arizona, California

Location	This project is located in southwestern Arizona in Yuma County and in southeastern California in Imperial County.
Description	The project is for the enhancement and protection of the quality of water available in the Colorado River for the United States and the Republic of Mexico and to comply with the requirements of Minute No. 242 approved August 30, 1973 under the 1944 Treaty with Mexico. Fish and wildlife mitigation measures will be provided.
Authorization	Public Law 93-320, June 24, 1974; Public Law 96-336, September 4, 1980.
Land certification	None required.
Definite plan report	Desalting Complex Unit Status Report submitted November 1977; Coachella Canal Unit Definite Plan Report approved May 30, 1979; Protective and Regulatory Pumping Unit Definite Plan Report approved May 5, 1980. The Commissioner approved a special report on Reject Stream Replacement Studies June 24, 1980.
Benefit cost ratio as of October 1, 1995	Assessment of full beneficial impact of improving water quality as a result of this authorized project has not been made. Agreements with the Mexican Government concerning salinity control in the Colorado River and Public Law 93-320 authorizing Title I and Title II activities are based upon social and political justifications.
Completion data	As of September 30, 1994, this project was 92 percent complete. Desalting Complex Unit-desalting plant completed in FY 1991; test operation of the main facility was completed and production of desalted water began in FY 1992. In FY 1993, the Yuma Desalting Plant was placed in ready reserve status and will continue to operate at this level for the foreseeable future. Coachella Canal Unit-canal replacement completed in FY 1984 and Protective and Regulatory Pumping Unit-14 wells and associated features completed in FY 1979, 7 wells and associated features completed in FY 1984, and the remaining 14 wells and associated features will be completed as required. Construction of the remaining features associated with the Yuma Desalting Complex Unit will be completed as necessary. A new completion date will be determined when the plant is placed in operational status. The plant is currently in "ready reserve" (nonoperational status).

Title I Division . . . .

Summarized Financial Data

Total Federal obligations			
Reclamation	$458,835,000	Allotments to 9/30/94	$396,658,936
Other Federal	- 0 -	Allotments for FY 1995	3,011,000
Net property and other transfers			
Federal participation	-715,000	Allotments to date	$399,669,936
Non-Federal participation	- 0 -	Allotments for FY 1996	2,300,000
Adjustment	- 0 -		
Total to allocated	$458,120,000	Balance after FY 1996	$ 56,865,064

Project Cost Allocation

Allocation	FY 1995 estimate	FY 1996 estimate
Irrigation	$ 45,938,000	$ 45,938,000
Mexican Treaty	412,185,000	412,018,000
Other 1/	164,000	164,000
Total	$458,287,000	$458,120,000

1/ Nonreimbursable preauthorization investigation costs (Public Law 92-149).

Cost allocation methodology

The methodology of cost allocation has not been modified.

The Mexican Treaty allocation decreased $167,000 primarily due to indexing of the Painted Rock Reservoir land acquisition program and for protective and regulatory pumping unit estimates. These are partially offset by increases in revised cost estimates for the Yuma Desalting Plant and for permanent operating equipment.

Project Repayment

Repaid by	Amount
Irrigators 1/	$ 24,126,000
Non-reimbursable 2/	433,994,000
Total	$458,120,000

1/ A repayment contract with Coachella Valley Water District (CVWD) for $45,938,000 was executed March 14, 1978 and validated June 30, 1978. The contract provides that for each year the United States receives the benefits of the water saved by the lining program because mainstream Colorado River water is delivered to California in the quantities requested under Section 5 of the Boulder Canyon Project Act, construction costs of $1,148,000 ($45.938 million divided by a 40 year life of the canal) will be considered nonreimbursable. The United States expects to receive these benefits for the foreseeable future. The $24,126,000 represents CVWD's repayment obligation assuming the initial repayment installment by CVWD does not begin before October 1, 2001.

2/ Includes $412,018,000 Mexican Treaty Measures, $164,000 for nonreimbursable preauthorization investigation costs and $21,812,000 for nonreimbursable irrigation costs.

Status of repayment contract Repayment contract with the Coachella Valley Water District for lining of the Coachella Canal was executed March 14, 1978, and validated June 30, 1978. The cost of the Desalting Complex is nonreimbursable except for costs associated with other beneficiaries. Costs for the Coachella Canal replacement will be shared by the United States and the Coachella Valley Water District. Costs associated with the Protective and Regulatory Pumping Unit, including delivery of water to Mexico, will be nonreimbursable, except for water used in the United States.

Irrigation investment per acre

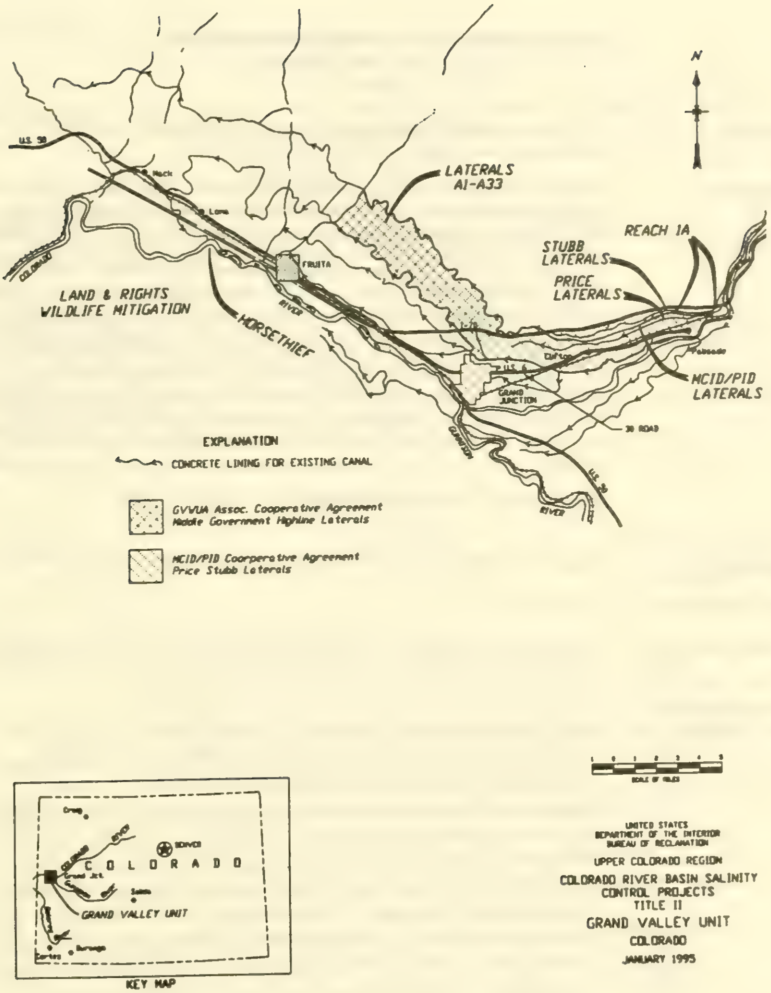
Summary of Irrigation Investment

Total irrigation investment/acre	$585
Repayment of irrigation investment per acre by	
Irrigators 3/	$307
Nonreimbursable	$278
Payment capacity per acre and/or acre-foot	
Annual charges (per acre)	N/A
Construction	
Operation and Maintenance	

3/ Based on 78,530 acres of agricultural land in the Coachella Valley taken from 1991 crop census.

Title I Division . . . .

Status of NEPA compliance	A project wide final environmental impact statement was filed with the Council on Environmental Quality on June 18, 1975.
Appropriation ceiling	Appropriations authorized are $474,539,000 (October 1995). The comparable Federal obligation is $458,835,000. This authorization is adequate to cover this project as currently proposed.
Work proposed for FY 1996	**Desalting Complex Unit** - A contract to rehabilitate a section of existing concrete structure and lining panels of the Main Outlet Drain Extension will be awarded. Modifications to the testing laboratory building to facilitate continued desalting research will be completed. Costs will continue for desalting membrane storage and correction of Yuma Desalting Plant design defects. The irrigation efficiency improvement program in the Wellton Mohawk Irrigation and Drainage District and studies to evaluate land acquisition purchase at Painted Rock Reservoir will also proceed. **$ 2,300,000**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JUNCTION
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EXPLANATION
CONCRETE LINING FOR EXISTING CANAL
GVWUA Assoc. Cooperative Agreement
Middle Government Highline Laterals
MCID/PID Coorperative Agreement
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DENVER
C O L O R A D O
Grand Jct.
Salida
GRAND VALLEY UNIT
Durango
Cortez
KEY MAP
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
UPPER COLORADO REGION
COLORADO RIVER BASIN SALINITY
CONTROL PROJECTS
TITLE II
GRAND VALLEY UNIT
COLORADO
JANUARY 1995

Colorado River Basin Salinity Control Project
Grand Valley Unit, Title II
Colorado

Location

This unit is located in Mesa County in western Colorado at the confluence of the Gunnison and Colorado Rivers near Grand Junction.

Description

Irrigation in the entire valley area encompasses 70,500 acres, with 200 miles of canals and approximately 500 miles of laterals, most of which are earth lined. Much of the land has been irrigated for more than 50 years, and it is estimated that the Grand Valley contributes about 580,000 tons of salt annually to the Colorado River. Investigations indicated that lining canals, lining or piping laterals, rehabilitating or replacing canal and lateral structures, and constructing adequate measurement control devices could reduce the salt contribution 161,400 tons per year while the Irrigation Management Scheduling and on farm improvements should result in an additional reduction of 130,000 tons per year. Stage I consisted of concrete lining 6.8 miles of main canal and placing 30 miles of laterals in pipe on the Government Highline Canal. Stage II proposes to membrane line the remainder of the Government Highline Canal and place pipe in 110 miles of Federal laterals and 214 miles of laterals in private irrigation systems.

A new format for Title II funding is being proposed for FY 1996.

Authorization

Public Law 93-320, June 24, 1974; and Public Law 98-569, October 30, 1984.

Land certification

None required.

Definite plan report

Stage I approved March 25, 1980; Stage II approved July 11, 1986. An addendum was completed December 20, 1990, for the Price and Stubb Ditches.

Benefit cost ratio as of October 1, 1995

Previous agreements with the Mexican Government concerning salinity control in the Colorado River and Public Law 93-320 are based upon social and political justifications. Public Law 98-569 required construction preference be given to those projects that reduced salinity at the least cost. The cost effectiveness of this unit is measured in terms of annual cost for each milligram per liter (mg/L) of salinity reduction in the Colorado River at Imperial Dam. The annual cost of the unit is $22,348,000 which includes the total investment annual equivalent cost of $21,911,000 at 8.000 percent for 50 years, plus the annual OM&R of $437,000. The decrease in the OM&R is due to a change in the way indexing is calculated. This figure represents actual costs rather than projected cost indexing. The annual removal of 161,400 tons of salt from the Colorado River at Grand Valley results in a salinity reduction at Imperial Dam of 14.7 mg/L. The annual cost per ton is $138. The increase in annual cost per ton is due to a change in the interest rate used to determine the annual equivalent cost.

Grand Valley Unit . . . .

Completion data The ongoing work will be completed within the existing appropriation ceiling. The remaining activities are being reevaluated.

Summarized Financial Data

Total Federal Obligations			
Reclamation	$257,570,000	Allotments to 9/30/94	$138,453,310
Other Federal	- 0 -	Allotments for FY 1995	7,070,000
Net Property and Other Transfers			
Federal Participation	325,000	Allotments to Date	145,523,310
Non-Federal Participation	- 0 -	Allotments for FY 1996	5,799,000
Adjustments	- 0 -		
Total to be Allocated	$257,895,000	Balance after FY 1996 2/	$106,247,690

2/ Major portions of the project have been deferred. Less costly alternatives for salt removal will be explored under the Title II - New Format.

Project Cost Allocation

Allocation	FY 1995 estimate	FY 1996 estimate
Salinity control	$260,269,000	$257,895,000

Cost allocation methodology The method of cost allocation has not been modified. The decrease of $2,374,000 in total costs is due to a revision of the estimated contract costs for the Lateral System features $-3,428,046, the deletion of the Soil Conservation Service On/Off Farm program from the project $-1,200,000, a new analysis of noncontract costs for all features $-960,746 and rounding -$332; offset by an increase in the final cost of the East Government Highline Canal $1,873,860, a program change in the Wildlife Plan $853,573, indexing increases of $338,691, and new cost estimates for miscellaneous minor contracts $149,000.

Project Repayment

Repaid by	Amount
Lower Colorado River Basin 1/	$ 54,739,000
Upper Colorado River Basin Fund 1/	9,660,000
Non-reimbursable 1/	193,496,000
Total	$257,895,000

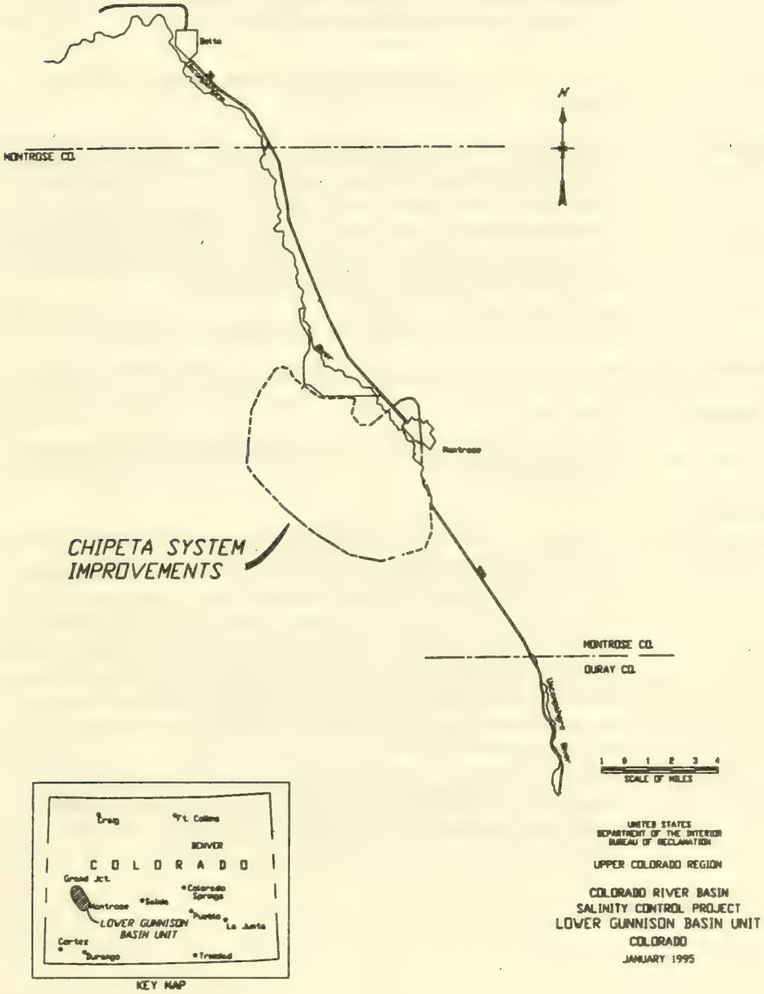
1/ Public Law 93-320, Section 205, states that 75 percent of the costs will be nonreimbursable. The remaining 25 percent is divided between the Lower Colorado River Basin Development Fund and the Upper Colorado River Basin Fund based on benefits derived by each Basin from the use of water of improved quality, causes of salinity, and availability of revenues, provided that costs allocated to the

Upper Basin shall not exceed 15 percent of the costs allocated to the Upper and Lower Basin Funds. The costs to which these percentages are applied do not include $300,000 of preauthorization investigation costs which are nonreimbursable.

Status repayment contract	None required.
Irrigation investment per acre	Not applicable.
Status of NEPA compliance	Projectwide–Negative determination for Grand Valley System Stage I, July 4, 1978. Stage II environmental statement to Environmental Protection Agency, final May 23, 1986. Final environmental assessment for Price and Stubb Ditches, August 15, 1990. Draft environmental assessment on East End Government Highline Canal June 21, 1991; final August 31, 1991.
Other information	The intent of Congress is to remove salt from the Colorado River by the most economical means. Incremental authorized units may or may not be constructed depending upon the amount of salt needed to be removed as indicated in The Joint Evaluation Report of Interior and Agriculture.
Appropriation ceiling	Appropriations authorized are $299,152,000 (October 1995) for Title II of the Colorado River Basin Salinity Control Projects under Public Law 93-320. The comparable Federal obligation is $733,190,000 which exceeds the appropriation ceiling by more than the amount of contingencies included in the obligation. Ongoing work can be completed within the existing ceiling. Appropriate Congressional committees will be advised of the appropriation ceiling status for this project. Current commitments will be held within the existing ceiling. Under the new format for Title II funding, new appropriation ceiling authorization will be required.

Work proposed for FY 1996

Grand Valley Canal System - Provides for minor contracts to complete the East Government Highline Canal, Reach 1B.	$41,000
Grand Valley Unit Lateral System - Construction will continue on the Grand Valley Water Users Association laterals A1-A33 and will be completed on Mesa County Irrigation District/Palisade Irrigation District Laterals.	$4,198,000
Wildlife Plan - Land acquisition and development will continue on 30 Road Development, On Farm Mitigation and Horsethief Conservation State Wildlife Area.	$1,430,000
Miscellaneous Contracts - Work will continue on the U.S.G.S. Stream Gaging Contract and the Grand Valley Monitoring Program Contract.	$80,000
Service Facilities - Field and laboratory equipment will be purchased.	$50,000
Total request	$5,799,000


Delta
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MONTROSE CO.
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CHIPETA SYSTEM
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Pueblo
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LOWER GUNNISON
BASIN UNIT
Cortez
Durango
Trinidad
KEY MAP
UNITED STATES
DEPARTMENT OF THE INTERIOR
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UPPER COLORADO REGION
COLORADO RIVER BASIN
SALINITY CONTROL PROJECT
LOWER GUNNISON BASIN UNIT
COLORADO
JANUARY 1995

Colorado River Basin Salinity Control Project
Lower Gunnison Basin Unit, Title II
Colorado

Location	This unit is located in west central Colorado in Delta, Montrose, and Ouray Counties.
Description	The Lower Gunnison Basin Unit winter water flows contribute 74,000 tons of salt annually to the river. Water which runs through canals during the non-irrigation season seeps from canals and picks up salt as it returns to the river. The project will put winter livestock water in pipe for distribution. This will help control salinity of the Colorado River at or below 1972 levels as measured at three locations on the river. The project would reduce the salinity resulting in an annual reduction in salinity at Imperial Dam of 6.7 mg/L. The Colorado River Basin Salinity Control Forum has approved the plan. A new format for Title II funding is being proposed for FY 1996.
Authorization	Public Law 93-320, June 24, 1974; and Public Law 98-569, October 30, 1984.
Land certification	None required.
Definite plan report	Planning Report approved March 22, 1984, and Final Preconstruction Report approved August 13, 1987.
Benefit cost ratio as of October 1, 1995	Previous agreements with the Mexican Government concerning salinity control in the Colorado River and Public Law 93-320 are based upon social and political justifications. The cost effectiveness of this unit is measured in terms of annual cost for each ton of salinity reduction in the Colorado River at Imperial Dam. The annual cost of the unit is $6,832,000 which includes the total investment annual equivalent cost of $6,377,000 (at 8.000 percent for 50 years) plus the annual OM&R of $455,000. The Lower Gunnison Unit is estimated to annually remove 105,240 tons of salt from the Colorado River at an annual cost of approximately $65 per ton of salt. The increase in cost per ton as presented in the FY 1995 Budget Justifications is due to the new estimate of total project costs.
Completion data	The winter water portion of the Unit will be completed in FY 1995 with the balance of the Unit deferred until needs develop for elimination of additional salinity. As of September 30, 1994, the project is 12 percent complete.

Lower Gunnison Basin Unit . . . .

Summarized Financial Data

Total Federal obligations			
Reclamation	$251,852,000	Allotments to 9/30/94	$23,316,424
Other Federal	- 0 -	Allotments for FY 1995	829,000
Net property and other transfers			
Federal participation	475,000	Allotments to date	24,145,424
Non-Federal participation	- 0 -	Allotments for FY 1996	1,231,000
Adjustments 1/	1,279,000		
Total to be allocated	$253,606,000	Balance after FY 1996 2/	$226,475,576

1/ Reimbursable interest during construction to be repaid only by the Upper Colorado River Basin Fund. The Lower Colorado River Basin Development Fund is to be repaid concurrently with construction.

2/ Major portions of the project have been deferred. Less costly alternatives for salt removal will be explored under the Title II - New Format.

Project Cost Allocation

Allocation	FY 1995 estimate	FY 1996 estimate
Salinity Control	$204,712,000	$253,606,000

Cost allocation methodology

The methodology of the cost allocation has not been modified from last year. The increase of $48,894,000 in total costs includes the following: Indexing of $46,969,000 for Indefinite Deferred Facility and Fish and Wildlife Improvements $59,000; new construction estimates for Tri County Improvement $404,761, Menoken System Improvements $731,373, Chipeta System Improvements $1,932,809, and interest during construction $247,000. This increase is offset by a decrease in new program requirements for the on Farm System of $116,525, a reanalysis of non-contract costs of $1,019,418, for the Colorado River Water Quality Improvement Project Winter Water System and Colorado River Water Quality Improvement Project East Side Laterals $314,000.

Project Repayment

Repaid by	Amount
Lower Colorado River Basin Development fund 1/	$64,222,000
Upper Colorado River Basin fund 1/	12,612,000
Nonreimbursable 1/	176,772,000
Total	$253,606,000

1/ Public Law 98-569 provides that 70 percent of the costs will be nonreimbursable. The other 30 percent is divided between the Lower Colorado River Basin Development Fund and the Upper Colorado River Basin Fund based on benefits to be derived by each Basin from the use of water of improved quality, and availability of revenues, provided that costs allocated to the Upper Basin shall not exceed 15 percent of the costs allocated to the Upper and Lower Basin Funds. Preauthorization investigation costs of $475,000 are nonreimbursable. The Upper Colorado River Basin Fund amount also includes $1,279,000 of reimbursable interest.

Status of repayment contracts Operation and Maintenance Agreement with the Uncompahgre Valley Water Users Association was executed on February 24, 1987.

Irrigation investment per acre Not applicable.

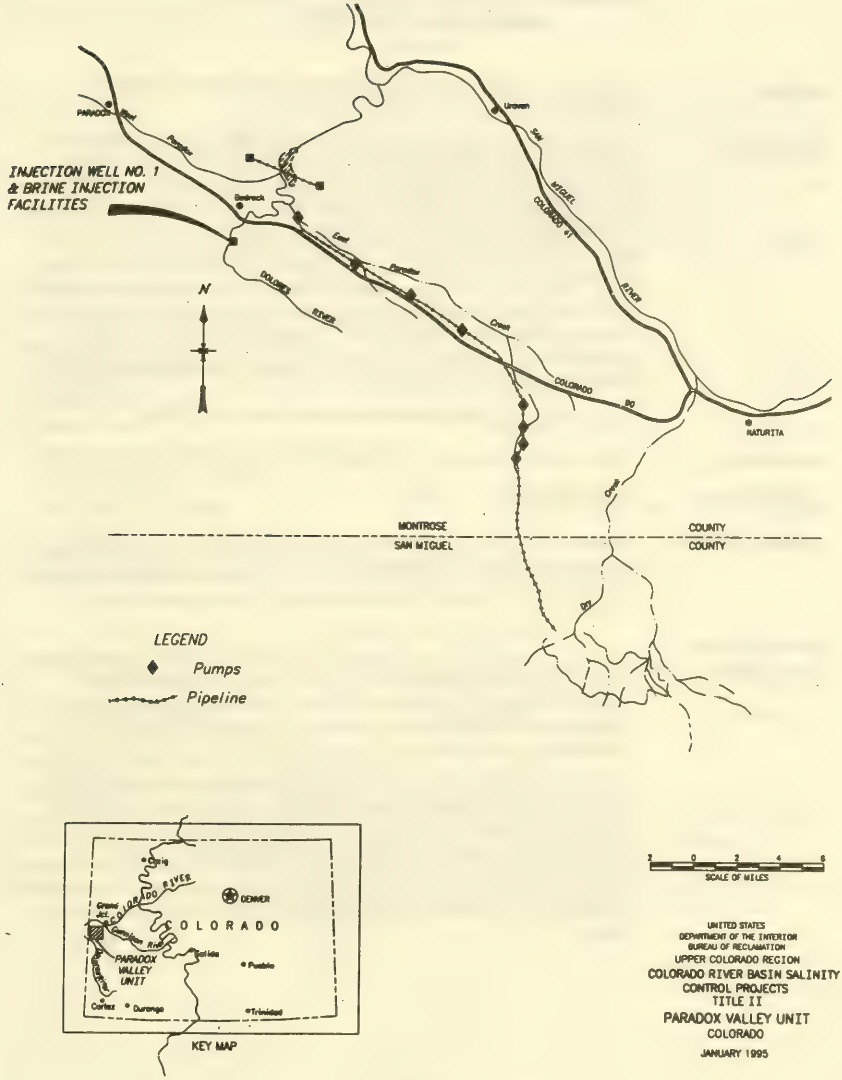
Status of NEPA compliance Final Environmental Impact Statement filed with Environmental Protection Agency February 10, 1984.

Other information The intent of Congress is to remove salt from the Colorado River by the most economical means. Increments of authorized units may or may not be constructed depending upon the amount of salt needed to be removed as indicated in The Joint Evaluation Report of Interior and Agriculture.

Appropriation ceiling Appropriations authorized are $299,152,000 (October 1995) for Title II of the Colorado River Basin Salinity Control Project under Public Law 93-320. The comparable Federal obligation is $733,190,000 which exceeds the appropriation ceiling by more than the amount of contingencies included in the obligation. The Chipeta System and other ongoing work can be completed within the existing ceiling. The cost of the features of McElmo Creek Unit which is a part of the Dolores Participating Project, CRSP, is included in the total Federal obligations and the appropriation ceiling for Title II facilities. Appropriate Congressional committees will be advised of the appropriation ceiling status for this project. Current commitments will be held within the existing ceiling. Under the new format for Title II funding, new appropriation ceiling authorization will be required.

Work proposed for FY 1996

Distribution System - Chipeta System Improvements will be completed	$1,231,000
Total request	**$1,231,000**


INJECTION WELL NO. 1
& BRINE INJECTION FACILITIES
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Paradox
Bedrock
East
Paradox
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Uravan
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COLORADO 141
RIVER
COLORADO 90
NATURITA
Creek
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MONTROSE COUNTY
SAN MIGUEL COUNTY
LEGEND
Pumps
Pipeline
Craig
COLORADO RIVER
DENVER
Grand Jct.
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PARADOX VALLEY UNIT
Salida
Pueblo
Cortez
Durango
Trinidad
KEY MAP
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SCALE OF MILES
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
UPPER COLORADO REGION
COLORADO RIVER BASIN SALINITY
CONTROL PROJECTS
TITLE II
PARADOX VALLEY UNIT
COLORADO
JANUARY 1995

Colorado River Basin Salinity Control Project
Paradox Valley Unit, Title II

Colorado

Location This unit is located in southwestern Colorado near Bedrock, Colorado, in Montrose County.

Description This unit is situated along the axis of a collapsed salt anticline composed of pure salt and salt-rich shales over 14,000 feet in depth. It is estimated that Paradox Valley contributes about 200,000 tons of salt per year to the Colorado River system via the Dolores River. The original Definite Plan Report (DPR) and Environmental Impact Statement for this unit proposed a plan for reducing the salt load in the Dolores River by 180,000 tons per year by constructing and utilizing a system of collection wells, pumps, pipelines, and solar evaporation ponds. A study to dispose of the brine by deep well injection as an alternative to the evaporation method has been underway since 1978 with testing of the well to be completed in February 1995. Preliminary test results indicate the present facility is capable of removing 128,000 tons of salt annually which would make deep well injection an acceptable alternative to an evaporation pond.

A new format for Title II funding is being requested for FY 1996.

Authorization Public Law 93-320, June 24, 1974; and Public Law 98-569, October 30, 1984.

Land certification None required.

Definite plan report Definite Plan Report for the evaporation method of disposal was approved January 24, 1979. A draft supplement to this report with appropriate NEPA documents describing deep well injection as the preferred alternative for brine disposal is scheduled to be available for public review by March, 1995.

Benefit cost ratio as of October 1, 1995 Previous agreements with the Mexican Government concerning salinity control in the Colorado River and Public Law 93-320 are based upon social and political justifications. Furthermore, in 1984, the Congress passed Public Law 98-569 requiring preference for construction be given to those projects that reduce salinity at the least cost. The cost effectiveness of this unit is measured in terms of cost per ton. The annual equivalent cost of the unit using deep well injection and the present facility as a disposal method is $9,397,535; which includes the total investment annual equivalent cost of $6,097,535 (at 8.000 percent for 50 years) plus the annual OM&R of $3,300,000. The annual removal of salt from the Colorado River at Paradox Valley using the present deep well will be 128,000 tons. The annual cost per ton of salt removed is $73. The cost difference compared to the FY95 Budget Justifications is due to the decrease in the estimated investment as a result of limiting construction to the present facility.

Paradox Valley Unit . . . .

Completion data Testing of the present injection well facility and final evaluation of the test data is scheduled for completion in May 1995. A request for a record of decision to operate the present facility will be made in August 1995, when the supplement to the DPR and appropriate NEPA documents are approved. Upon completion of the test, the facility will be transferred to operation and maintenance. Using the present facility for brine disposal, the unit is 99 percent complete as of September 30, 1994. Investigations will continue on systems/processes necessary to increase project operation efficiencies. The project will complete in FY 1996.

Summarized Financial Data

Total Federal obligations			
Reclamation	$66,339,157	Allotments to 9/30/94	$63,689,157
Western area power Administration	- 0 -	Allotments for FY 1995	2,350,000
Net property and other transfers			
Federal participation	586,919	Allotments to date	66,039,157
Non-Federal participation	- 0 -	Allotments for FY 1996	300,000
Adjustments	- 0 -		
Total to be allocated	$66,926,076	Balance after FY 1996	$ - 0 -

Project Cost Allocation

Allocation	FY 1995 estimate	FY 1996 estimate
Salinity control	$94,945,000	$66,926,076

Cost allocation methodology The methodology of the cost allocation has not been modified from last year. However, the scope of the project has been modified. The decrease in total costs of $28,018,924 results from the decision to limit construction expenditures to those invested through FY 1993 plus $5,708,000 for FY 94-96. This amount is intended to complete testing of the injection well, complete feasibility evaluations, and transfer the present facility to operation and maintenance status.

Project Repayment

Repaid by	Amount
Lower Colorado River Basin Development Fund 1/	$14,124,891
Upper Colorado River Basin Fund 1/	2,492,628
Nonreimbursable 1/	50,308,557
Total	$66,926,076

1/ Public Law 93-320, Section 205, states that 75 percent of the costs will be nonreimbursable. The other 25 percent is divided between the Lower Colorado River Basin Development Fund and the Upper Colorado River Basin Fund based on benefits to be derived by each basin from the use of water of improved quality, causes of salinity, and availability of revenues, provided that costs allocated to the upper basin shall not exceed 15 percent of the costs allocated to the upper and lower basin funds. The costs to which the percentage division is applied do not include $456,000 of preauthorized costs which are nonreimbursable pursuant to Public Law 92-149.

Status of repayment contracts Repayment contracts are not required.

Irrigation investment per acre Not applicable.

Status of NEPA compliance A project-wide final environmental impact statement was filed with the Environmental Protection Agency on March 20, 1979. Supplemental NEPA compliance documents reflecting the present plan to operate the existing facilities at Paradox as a completed project is scheduled for completion in May 1995.

Other information Testing of the deep well injection facility will be completed in February 1995 with evaluation of the test results scheduled for May 1995.

Construction funding for the continued development of the Paradox Valley Unit has been limited to $5,708,000 for FY 1994, 1995, and 1996. This amount will complete the deep well injection study and transfer the well to operation and maintenance status.

Operation of the present facilities as a permanent injection facility is believed feasible. Operations will be continuously monitored and additional work may be necessary to maximize its effectiveness. Additional funding may be sought in the future, if it is determined that additional cost effective facilities can be constructed that will optimize the facility.

The intent of Congress is to remove salt from the Colorado River by the most economical means. Increments of authorized units may or may not be constructed depending upon the amount of salt needed to be removed as indicated in The Joint Evaluation Report of Interior and Agriculture.

Paradox Valley Unit . . . .

Appropriation ceiling

Appropriations authorized are $299,152,000 (October 1995) for Title II of the Colorado River Basin Salinity Control Project under Public Law 93-320. The comparable Federal obligation is $733,190,000 which exceeds the appropriation ceiling by more than the amount of contingencies included in the obligation. Ongoing work, including completion of the injection well test and transfer of the existing facility to operation and maintenance status can be completed within the existing ceiling. Appropriate Congressional committees will be advised of the appropriation ceiling status for this project. Current commitments will be held within the existing ceiling. Under the new format for Title II funding, new appropriation ceiling authorization will be required.

Work proposed for FY 1996

Other Project Costs - Constructed facilities will be operated and maintained during testing.	$300,000
Total request	**$300,000**

Colorado River Basin Salinity Control Project
Title II New Format
Colorado, Utah

Location Colorado River Basin.

Description The Bureau of Reclamation proposes to redefine the Federal role in the salinity control program. For 20 years, Reclamation has planned, designed, and constructed projects to reduce the amount of high-saline return flows to the Colorado River. Activities that can be completed within the authorized appropriation ceiling are nearing completion. At the time of completion, Reclamation will be able to prevent 375,500 tons of salt per year from reaching the river at an approximate cost of $73 per ton. Reclamation evaluated its program, and determined more cost-effective methods to reduce salinity are possible.

The purpose of the new format eventually selected will be to control salinity for Colorado River water users in the United States using a basin-wide approach to implement the most cost-effective controls possible. Reclamation is authorized and directed to proceed with a program of works to improve, enhance, and protect the quality of the river available for Colorado River water users in the United States and the Republic of Mexico.

Public notice for solicitation of comments on proposed options for the most cost-effective process was issued on March 24, 1994. By FY 1996, funds will be used to implement the selected new options. One potential option is for Reclamation to request submission of proposed salinity reduction projects from non-Federal interests. Proposals would be ranked based on cost-effectiveness, and Federal funds would then be provided to the best proposals.

The Basin States, as well as various water agencies, support this program. The current CRBSCP, Title II program is authorized under the authority of Public Law 93-320. However, additional legislation would be required to implement the new format and to provide new appropriation ceiling. Reclamation testified in favor of legislation introduced in the 103^RD Congress to allow the Secretary to implement a variety of new cost-effective salinity control measures and to increase the ceiling by $75 million. Reclamation intends to propose legislation in the near future to achieve these same goals.

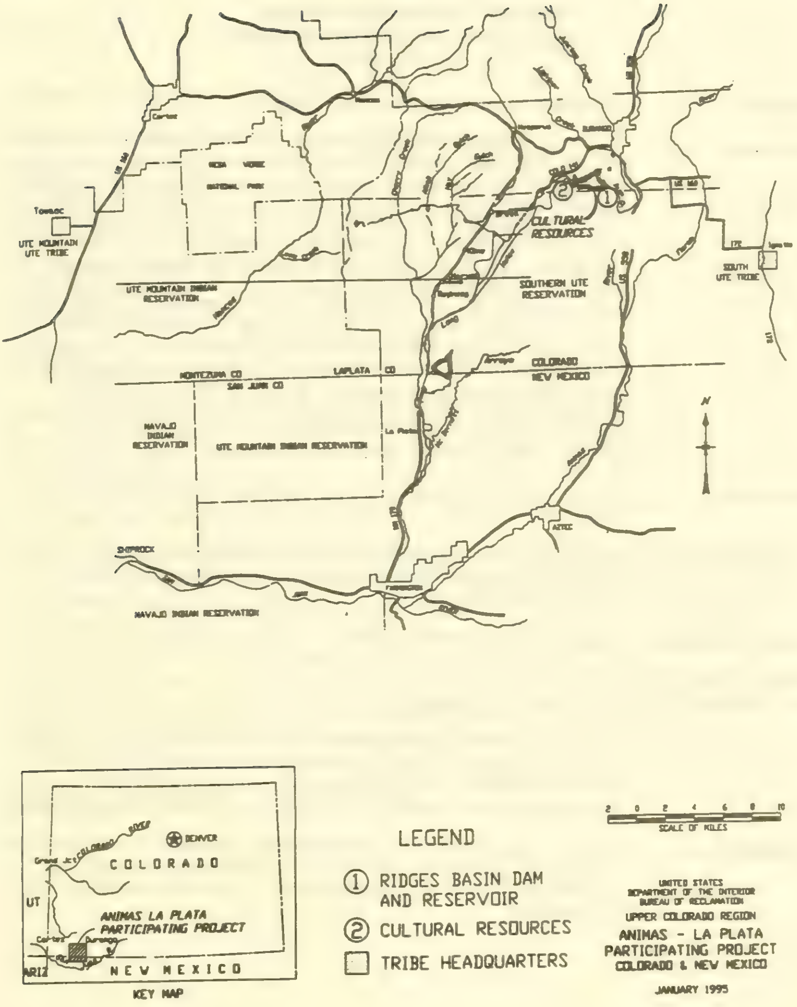
Authorization Public Law 93-320, June 24, 1974; Public Law 98-569, October 30, 1984.

Duration Initiation: FY 1996 Completion: As required

Cost-sharing Thirty percent non-Federal; however, the new project format may result in larger shares of non-Federal participation.

Summarized Financial Data

Total Federal obligations			
Reclamation	To be determined	Allotments to date	$ -0-
Non-Federal Participation	To be determined	Allotments for FY 1996	$6,000,000
Total to be allocated	To be determined	Balance after FY 1996	To be determined


Cortez
US 160
MESA VERDE NATIONAL PARK
Towaoc
UTE MOUNTAIN UTE TRIBE
UTE MOUNTAIN INDIAN RESERVATION
Mancos
Durango
CULTURAL RESOURCES
SOUTHERN UTE RESERVATION
Bayfield
Ignacio
SOUTH UTE TRIBE
Red Mesa
Marvel
Arroyo
MONTEZUMA CO
LAPLATA CO
SAN JUAN CO
COLORADO
NEW MEXICO
NAVAJO INDIAN RESERVATION
UTE MOUNTAIN INDIAN RESERVATION
La Plata
AZTEC
SHIPROCK
FARMINGTON
NAVAJO INDIAN RESERVATION
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COLORADO
DENVER
Grand Jct
COLORADO RIVER
UT
ARIZ
Cortez
Durango
ANIMAS LA PLATA PARTICIPATING PROJECT
NEW MEXICO
KEY MAP
LEGEND
① RIDGES BASIN DAM AND RESERVOIR
② CULTURAL RESOURCES
☐ TRIBE HEADQUARTERS
2 0 2 4 6 8 10
SCALE OF MILES
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
UPPER COLORADO REGION
ANIMAS - LA PLATA
PARTICIPATING PROJECT
COLORADO & NEW MEXICO
JANUARY 1995

Colorado River Storage Project
Animas-La Plata Participating Project

Colorado, New Mexico

Location

This project is located in southwestern Colorado and northwestern New Mexico.

Description

The authorized project would provide 80,100 acre-feet annually of municipal and industrial (M&I) water supplies. This project is currently required to satisfy the requirements of the Colorado Ute Indian Water Rights Settlement Act of 1988. New M&I water supplies of 7,600 acre feet would be provided for the Navajo Tribe; 6,000 acre-feet for the Ute Mountain Ute Tribe; and 26,500 acre-feet for the Southern Ute Indian Tribe. M&I water of 9,200 acre feet would also be provided for Colorado non-Indians (for Durango and La Plata and adjacent rural areas) and 30,800 acre-feet for New Mexico communities and rural areas. The project would provide a full water supply for the irrigation of 11,980 acres of Ute Mountain Ute Indian tribal land, 31,500 acres of non-Indian land in Colorado, 1,800 acres of Southern Ute Indian Reservation tribal land, and 4,530 acres of non-Indian land in New Mexico. A supplemental supply would be provided for 17,650 acres of presently irrigated land. Benefits would also result from recreation and fish and wildlife enhancement. The Other Information section, shown on a later page, explains the limitations on construction of certain features in accordance with the final biological opinion.

Authorization

Public Law 90-537, September 30, 1968, and Public Law 100-585, November 3, 1988.

Land certification

January 19, 1982. As required by Public Law 99-294 (1986), a supplemental trace element assessment was completed for the arable land area of the Animas-La Plata Project.

Definite plan report

Approved August 18, 1980.

Benefit-cost ratio as of October 1, 1995

Direct benefits: not applicable

In response to the Inspector General's report, Reclamation is in the process of updating its economic analysis. This analysis will be shared with Congress when it is completed. The benefit-cost ratio includes interest during construction on both Federal and non-Federal contributions where applicable.

Completion data

A cost-sharing agreement was signed with State, Federal, and Tribal entities on June 30, 1986, providing that Phase 1 of the project would be constructed in not less than 12 years from initial construction. Capability is available for an FY 1996 start.

Animas-La Plata . . . .

Summarized Financial Data

Total Federal obligations			
Reclamation	$427,073,500	Allotments to 9/30/94	$46,616,011
Recreational/F&W 1/	28,663,000	Allotments for FY 1995	6,459,000
Net property and other transfers			
Federal participation 2/	2,097,000	Allotments to date	53,075,011
Non-Federal participation 3/	228,276,500	Allotments for FY 1996	4,879,000
Adjustment 4/	24,128,000		
Total to be allocated	$710,238,000	Balance after FY 1996	$369,119,489

1/ Includes recreation costs of $7,900,000; fish and wildlife mitigation costs of $4,900,000; wetland mitigation costs of $17,000,000; and water quality mitigation costs of $480,000; less cash contributions by the State of Colorado of $1,617,000 for Phase 1. Phase 2 facilities are the responsibility of non-Federal entities.

2/ Represents estimated total of costs transferred to or from the project without exchange of funds.

3/ Cash contributions for advance planning of $24,500 which includes $10,000 from Colorado Water Conservation Board; $7,500 from Southwest Water Conservancy District; $2,000 from city of Durango; $2,000 from La Plata County; $1,850 from La Plata Water Conservancy District, Colorado; $650 from La Plata Conservancy District, New Mexico; and $500 from Southern Ute Tribe. Phase 1 construction non-Federal cash contributions total $68,202,000 as follows: $42,400,000 from Colorado Water Resources and Power Development Authority; $12,777,000 from San Juan Water Commission; $7,375,000 from Animas-La Plata Water Conservancy District; $5,600,000 from State of Colorado; and $50,000 from Montezuma County. Phase 2, financed and constructed by non-Federal entities at an estimated cost of $160,050,000 includes $148,640,000 for remaining irrigation features, $4,100,000 for recreation, $160,000 for fish and wildlife facilities, and $7,150,000 for cultural resources activities.

4/ Represents reimbursable interest during construction at 9.319 percent for municipal and industrial water facilities Federally financed during construction.

Project Cost Allocation

Allocation	FY 1995 estimate	FY 1996 estimate
Irrigation	$513,567,000	$517,054,000
Municipal & industrial 1/	119,561,000	119,422,000
Recreation	11,700,000	12,000,000
Fish and wildlife	21,127,000	38,662,000
Other 2/	22,000,000	23,100,000
Total	$687,955,000	$710,238,000

1/ Includes $24,128,000 reimbursable interest during construction based on the current Colorado River Storage Project interest rate.

2/ Nonreimbursable cultural resources activities.

Cost allocation methodology

The methodology of the cost allocation has not been modified from last year. The increase of $22,283,000 in total costs and allocations are due to 1) indexing from the October 1994 price level to the October 1995 price level (+$5,210,000), 2) the addition of Wetlands Mitigation (+$17,000,000) and Water Quality Mitigation (+$480,000) to the Construction Costs Estimate, and 3) a decrease in the estimated interest during construction (-$407,000).

Animas-La Plata . . . .

Project Repayment

Repaid by	Amount
Irrigators	$ 20,430,000
Ad valorem tax	27,817,000
M&I 1/	93,471,000
Cost-sharing 2/	228,252,000
UCRBF revenue 3/	275,586,000
Contributed funds 4/	254,000
CRDF 5/	654,000
Leavitt Act 6/	6,322,000
Nonreimbursable 7/	57,452,000
Total	$710,238,000

1/ The scheduled amount to be repaid is covered by contracts with project beneficiaries with the exception of the Indian Tribes. The La Plata Conservancy District, New Mexico, which will not receive water from the initial facilities, will execute its repayment contract at a later date.

2/ Agreement between the Federal Government and the States of Colorado and New Mexico totaling $228,252,000 consisting of cash contributions of $68,202,000 and credit for non-Federal construction of deferred facilities $160,050,000. Funds were assigned by purpose for repayment as follows: Irrigation, $186,265,000; M&I, $25,677,000; Recreation, $5,004,000; Fish and Wildlife, $2,512,000; and Cultural Resources, $8,794,000.

3/ Repaid from net power revenues which are allocated to Upper Colorado River Basin Fund Revenues, apportioned to State of Colorado at $243,256,000 and New Mexico at $32,330,000.

4/ Includes $229,500 for General Investigations and $24,500 for Advance Planning which are allocated $146,000 for irrigation and $108,000 for M&I.

5/ Colorado River Development Fund investigation costs of $654,000 including $488,000 for irrigation and $166,000 for M&I.

6/ Amortization capacity for Indian irrigation. Repayment will be deferred as long as the land is in Indian-ownership.

7/ Includes $12,000,000 for recreation facilities, $17,000,000 for wetland mitigation, $480,000 for water quality mitigation, $5,060,000 for fish and wildlife mitigation facilities, $16,122,000 for fish and wildlife enhancement and $23,100,000 for cultural resources activities less the amounts assigned by the cost-sharing agreement as follows: Phase 1 non-Federal financing $4,900,000 and Phase 2 non-Federal financing $11,410,000.

Status of repayment contract

Agreements with non-Federal entities were executed June 30, 1986. The repayment contract with the Animas-La Plata Water Conservancy District, Colorado, was validated on April 20, 1988, and with the San Juan Water Commission, New Mexico, on August 16, 1991. Contract negotiations with the Navajo Tribe and the La Plata Conservancy District, New Mexico, will be initiated after construction begins. Repayment contracts are scheduled for execution with the Southern Ute and Ute Mountain Ute Indian Tribes in September, 1995.

Irrigation investment per acre

Summary of Irrigation Investment

Irrigation investment/acre	$7,664
Repayment of irrigation investment per acre by Irrigators	$303
Cost-sharing agriculture	2,761
UCRBF revenues	4,085
Ad valorem tax	412
CRDF & contract funds	9
Indian irrigation (deferred)	94
Payment capacity per acre and/or acre-foot under Public Law 98-541 not applicable	
Annual charges (per acre)	$62.40
Construction	9.90
Operation and Maintenance	52.50

Status of NEPA compliance

A projectwide final environmental impact statement was filed with Environmental Protection Agency July 1, 1980. In April 1992, the decision was made to supplement this document. The final supplement to the Final Environmental Impact Statement is scheduled to be filed with the Environmental Protection Agency in 1995.

Other information

The Animas-La Plata project as authorized would be developed in two Phases: Phase I provides irrigation service for 42,815 acres, municipal and industrial water service, and some recreation and fish and wildlife features with a total estimated cost of $526,060,000 (October 1995 price levels). On October 25, 1991, the Fish and Wildlife Service issued a final biological opinion for the Animas-La Plata Project on Federally listed endangered species. The final biological opinion contains a reasonable and prudent alternative that, in the opinion of the Service, would avoid the likelihood of jeopardy to the Colorado squawfish. The biological opinion also contains information on the razorback sucker, which was listed as an endangered species in November 1991. The final opinion replaced the draft biological opinion issued on May 7, 1990, which stated that the project was likely to jeopardize the continued existence of the Colorado squawfish.

The reasonable and prudent alternative that avoids a jeopardy opinion includes the following five elements: (1) an Animas-La Plata project that results in an initial depletion of 57,100 acre-feet, (2) 7 years of research to determine endangered fish habitat needs, (3) operation of the Navajo Dam to provide a wide range of flow conditions for the endangered fish, (4) a guarantee that the Navajo Reservoir will be operated for the life of the project to mimic the natural hydrograph based on the research, and (5) legal protection for the reservoir releases to and through the endangered fish habitat to Lake Powell and a commitment to develop a Recovery Implementation Program for the San Juan River.

To fulfill element (5) described above, a Memorandum of Understanding (MOU) was executed on October 24, 1991. Signatory parties are the Department of the Interior; States of Colorado, New Mexico, and Utah; the Southern Ute, Ute Mountain Ute, and Jicarilla-Apache Indian Tribes; the San Juan Water Commission, La Plata and Animas-La Plata Water Conservancy Districts.

Construction on three of the project features in Phase I – Ridges Basin Dam and Reservoir, Ridges Basin Inlet Conduit, and Durango Pumping Plant, – would be initiated during the 7-year study period. The initial depletion of 57,100 acre-feet permitted by the first element of the reasonable and prudent alternative (equivalent to a total water withdrawal of 80,100 acre-feet) is a smaller depletion than the 154,800 acre-feet for full development of the project (195,400 acre-feet total withdrawal). Future development of the project will be dependent on the outcome of the biological studies required by the reasonable and prudent alternative and the results of the supplement to the Final Environmental Impact Statement.

Appropriation ceiling

Appropriations authorized are $1,438,893,000 (October 1995) for this and other projects authorized under Title V of Public Law 90-537. The projects authorized under this title include, in addition to Animas-La Plata, Dolores, Dallas Creek, San Miguel, and West Divide. The comparable estimated total Federal obligation for these projects is $1,602,366,000 which exceeds the appropriation ceiling by more than the amount of contingencies included in the obligation for the completion of all projects. As there are presently no plans to commit substantial federal funds for the San Miguel and the West Divide projects, current commitments will be held within the existing ceiling.

In response to the Office of the Inspector General's audit recommendations in its review of the Hoover Visitor Facilities Program, the appropriation ceiling for the Colorado River Storage Project has been reexamined and re-estimated by participating project. The partitioned ceiling calculation for the Animas-LaPlata Project is $447,224,000 (October 1995). The estimated total Federal obligation for work on the Animas-LaPlata Project is $455,736,500 which does not exceed the partitioned ceiling by the amount of contingencies included in the estimate.

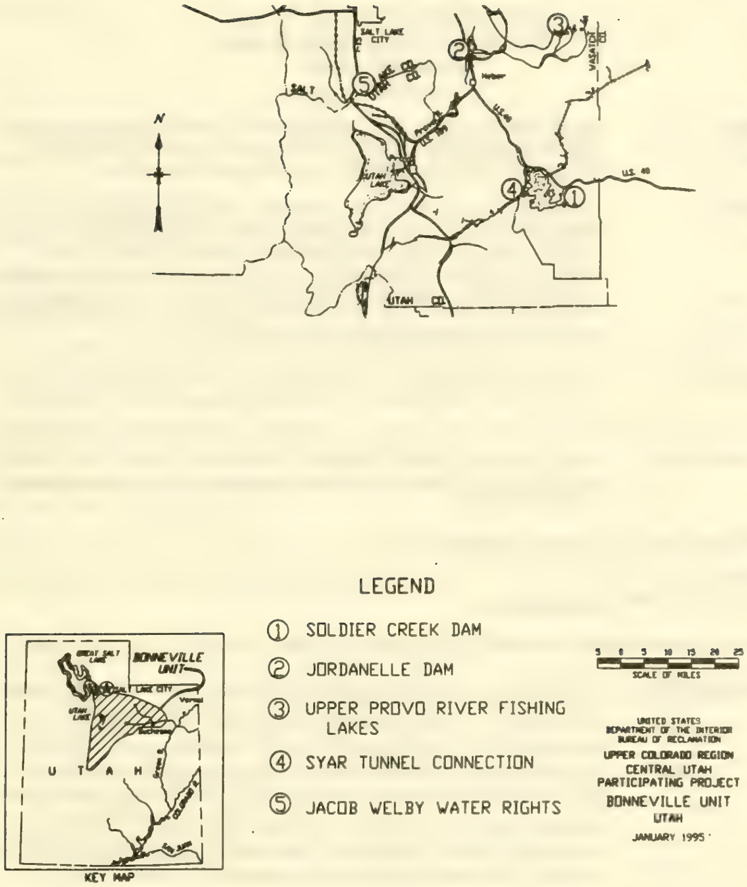
Based on previous Solicitor opinions, appropriation ceilings are not required to be partitioned unless authorizing legislation so specifies. In the case of the

Colorado River Storage Project, the authorizing legislation did not specify appropriation ceilings by participating project. However, as a matter of policy, these partitioned ceilings are being calculated and reported to Congress.

The estimates used for the ceiling computation by the separate Colorado River Storage Project participating units are approximate. Further analysis is required to refine these estimates. The situation will be analyzed periodically as new data becomes available.

Work proposed for FY 1996

Ridges Basin Dam and Collection System - Preconstruction activities will continue. Subject to environmental compliance, initiation of construction is proposed with award of contracts to relocate the Northwest Gas Pipeline.	**$4,134,000**
Ridges Basin Delivery System - Preconstruction activities will continue.	**$ 15,000**
Service Facilities, Depreciation, and Salvage - Preconstruction activities and the acquisition of office and field equipment will continue.	**$ 200,000**
Other Project Costs - Cultural resources mitigation, environmental compliance work, and endangered species studies will continue.	**$1,200,000**
Non-Federal Contributions	**$ -670,000**
Total request	**$4,879,000**


N
SALT LAKE CITY
SALT
UTAH LAKE
JORDAN RIVER
Provo River
Heber
U.S. 189
U.S. 40
U.S. 40
WASATCH CO.
UTAH CO.
LEGEND
① SOLDIER CREEK DAM
② JORDANELLE DAM
③ UPPER PROVO RIVER FISHING LAKES
④ SYAR TUNNEL CONNECTION
⑤ JACOB WELBY WATER RIGHTS
GREAT SALT LAKE
BONNEVILLE UNIT
SALT LAKE CITY
UTAH LAKE
Vernal
Duchesne
Green R.
COLORADO R.
San Juan
U T A H
KEY MAP
5 0 5 10 15 20 25
SCALE OF MILES
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
UPPER COLORADO REGION
CENTRAL UTAH
PARTICIPATING PROJECT
BONNEVILLE UNIT
UTAH
JANUARY 1995

Colorado River Storage Project
Central Utah Participating Project
Bonneville Unit
Utah

Location	The Reclamation portion of this unit is located in central Utah, the eastern part of the Bonneville Basin, and in the western part of Uinta Basin in Uintah, Duchesne, Wasatch, Summit, Utah, and Salt Lake Counties, Utah.
Description	The Bonneville Unit as currently authorized is multipurpose in scope. The Reclamation portion of the project would provide a supplemental water supply to 49,190 acres of partially irrigated lands, and 90,500 acre-feet of water annually for municipal and industrial use. The project will also provide benefits to fish and wildlife, recreation, and flood control. Crops presently grown are alfalfa and small grains, corn, deciduous fruit, and pasture. It is anticipated that with project development the same crops will be grown.
Authorization	Public Law 84-485, April 11, 1956; Public Law 92-370, August 10, 1972; and Public Law 100 563, October 31, 1988, and Public Law 102-575, October 30, 1992.
Land certification	All land certification except the Irrigation and Drainage System, which is to be constructed by the Central Utah Water Conservancy District, was completed December 28, 1965.
Definite plan report	Approved November 5, 1965.
Benefit-cost ratio as of October 1, 1995	Direct benefits 1/

1/ Since the revised project allocations are not available, the benefit/cost ratio cannot be calculated.

Completion data	As of September 30, 1994, the Reclamation portion of the project as currently authorized was 97 percent complete. Supplemental water is available to 49,190 acres, and facilities have been completed to provide municipal and industrial water of 20,500 acre-feet annually. Completion of one of the four major components (Collection System) of this project is scheduled in 1996 which represents no delay as presented in the FY 1995 Budget Justifications. However, the Jacob-Welby water exchange portion of the Municipal and Industrial System will not complete until 1997. This reflects a delay of one year as presented in the FY 1995 Budget Justifications. Reclamation's portion of the Diamond Fork System is scheduled for completion in 1996.

Bonneville Unit . . . .

Summarized Financial Data

Total Federal obligations	$1,230,066,867	Allotments to 9/30/94	$1,187,971,319
Recreation/F&W 1/	95,078,925	Allotments for FY 1995	13,480,000
Net property and other transfers			
Federal participation 2/	6,961,593	Allotments to date	1,201,451,319
Non-Federal participation 3/	10,943,424	Allotments for FY 1996	13,579,000
Adjustments 4/	92,029,000		
Total to be allocated	$1,435,079,809	Balance to complete	$15,036,548

1/ Includes specific fish and wildlife obligations of $27,799,401 and specific recreation obligations of $64,054,779 and $3,224,745 for Big Game Range transfers to the State of Utah, Department of Natural Resources.

2/ Includes net property and other transfers of $3,736,848 in the Section 5 Program, $3,125,235 in the Recreation Program and $99,510 in the Fish and Wildlife Program.

3/ Includes advances from the Central Utah Water Conservancy District of $10,067,424 and construction revenues of $876,000.

4/ Represents reimbursable interest during construction for municipal and industrial water facilities $86,455,000 and power $5,574,000. The power costs are for facilities previously planned but are not to be built because of insufficient demand for hydroelectric power.

Project Cost Allocation

Allocation	FY 1995 estimate 1/	FY 1996 estimate 1/
Irrigation		
Power		
Municipal and industrial water		
Recreation		
Fish and wildlife		
Flood control		
Highway improvement		
Total	$1,422,000,446	$1,435,079,809

1/ Since the revised allocation is not available, the cost allocation to the project functions cannot be determined.

Cost allocation methodology

Public Law 102-575 delegated responsibility for completion of the Bonneville Unit to the Secretary of the Interior with the restrictions that it could not be delegated to Reclamation. The Public Law gave authority to the Central Utah Water Conservancy District to complete the Irrigation and Power portions of the Project and assigned a newly created Utah Reclamation Mitigation and

Conservation Commission the responsibility to complete all mitigation and new enhancement features authorized by the Act.

Feature costs, purposes, cost-sharing amounts, and repayments for the Central Utah Water Conservancy District portion of the Project are not known at this time. Feature costs for the Commission portion of the Project are also not known. Due to these unknowns, project allocations and repayments cannot be presented. Reclamation's portion of the project cannot be allocated as many of the features constructed are multi-purpose and the allocations and repayments are dependent upon the final purposes of the entire project.

Project Repayment 1/

Repaid by	Amount
Irrigators	
Power	
Municipal & industrial water	
UCRBF power revenues	
CRDF contributions and other	
Ad valorem tax revenue	
Nonreimbursable	
Total	$1,435,079,809

1/ Since the revised allocation is not available, the repayment by function cannot be determined.

Status of repayment contract

A repayment contract with the Central Utah Water Conservancy District was executed on December 28, 1965, and validated February 17, 1966. The contract was amended on April 15, 1966. A supplemental repayment contract with the Central Utah Conservancy District for the remainder of the municipal and industrial water costs, excluding 66 percent of Jordan Aqueduct costs was executed November 26, 1985.

Repayment contracts with the Salt Lake County Conservancy District and Metropolitan Water District of Salt Lake City for 66 percent of Jordan Aqueduct costs were executed November 26, 1985, and validated on February 10, 1986.

Of the amount to be repaid, $484,418,000 is covered by an existing contract with the Central Utah Water Conservancy District for both irrigation and municipal and industrial water, and includes repayment by ad valorem tax revenues and contributions. The balance of $45,688,000 to be repaid for municipal and industrial water is being repaid by a contract with the Metropolitan Water Conservancy District of Salt Lake City and Salt Lake County Conservancy District which was signed on May 16, 1986.

Irrigation investment per acre

Summary of Irrigation Investment 1/

Total irrigation investment/acre
Repayment of irrigation investment per acre by:
  Irrigators
  Power revenues
  M&I users
  UCRB revenues
  Ad valorem tax
  CRDF & contract funds
  Indian irrigation (deferred)
Payment capacity per acre and/or acre-foot
Annual charges (per acre)
  Construction

1/ Since the revised allocation is not available, the irrigation investment per acre, the annual charges per acre or acre-foot, and repayment of the irrigation investment per acre cannot be determined.

Status of NEPA compliance The Diamond Fork Power System, final environmental statement was filed with the Environmental Protection Agency on October 4, 1984. The final supplement Diamond Fork System was filed on February 22, 1990. A Finding of No Significant Impact was signed on May 21, 1984, for the Duchesne River Area Canal System Rehabilitation.

The final environmental statement for the collection system was filed with the Council on Environmental Quality August 2, 1973. The Municipal and Industrial Water System final environmental statement was filed with the Environmental Protection Agency October 25, 1979. NEPA compliance on project features authorized in Public Law 102-575 will be completed by the Central Utah Water Conservancy District or the Utah Reclamation Mitigation and Conservation Commission.

Other information Funds to initiate preconstruction planning were appropriated in FY 1957 and for construction in FY 1966. In the initial planning of the Central Utah Project, irrigation development of 15,242 acres of Indian land was to occur as part of the initial phase of the Central Utah Project in the Uintah Basin. In the Definite Plan Report of the Bonneville Unit, Central Utah Project, the Ute Indian Tribe deferred current use of its water for later irrigation development of 15,242 acres of land so that construction of the Bonneville Unit could proceed. The Ute Indian Tribe passed a resolution dated August 18, 1975, urging that development of Indian facilities proceed concurrently with development of non-Indian facilities.

Public Law 102-575 delegated responsibility for completion of the Bonneville Unit to the Secretary of the Interior with the restrictions that it could not be delegated to Reclamation. The Public Law gave authority to the Central Utah Water Conservancy District to complete the Irrigation and Power portions of the Project and assigned a newly created Utah Reclamation Mitigation and

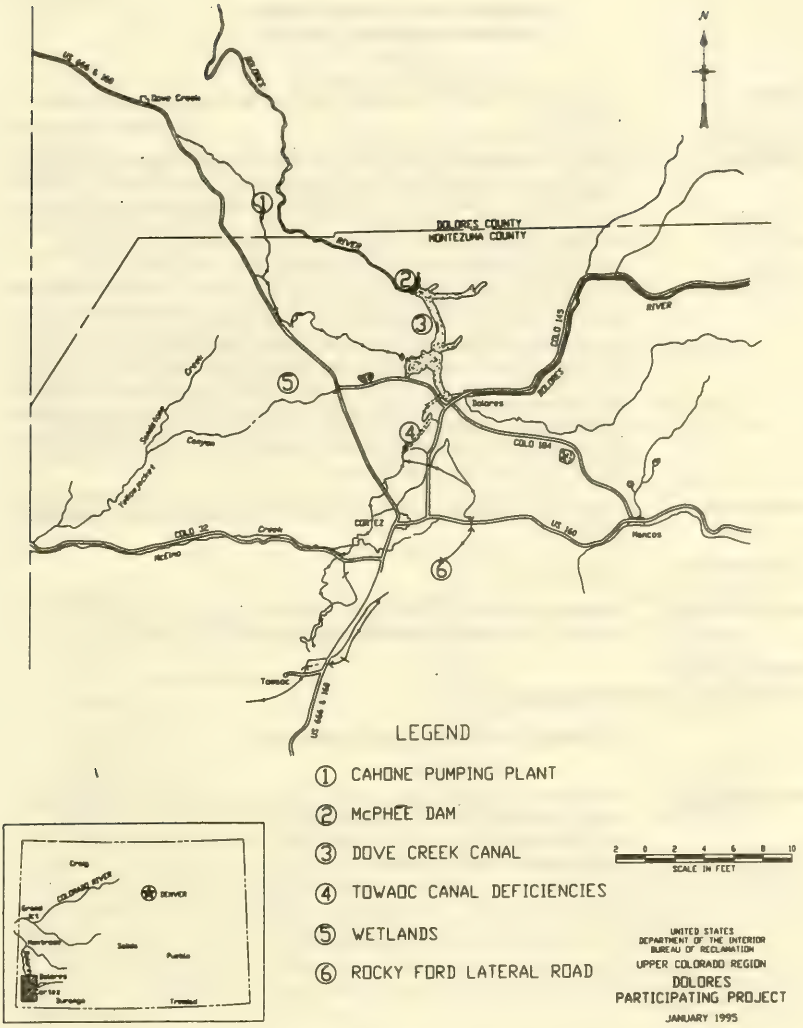
Conservation Commission the responsibility to complete all mitigation and new enhancement features authorized by the Act. Funds to implement Titles II through Title IV of Public Law 102-575 are included in a separate account.

Appropriation ceiling

In response to the Office of the Inspector General's audit recommendations in its review of the Hoover Visitors Facility Program, the CRSP ceiling has been reexamined and re-estimated by major unit. The project currently is planned to be completed within the existing ceiling. No increase to the appropriations authorized is intended. Appropriations authorized are $1,347,519,000 (October 1995) for the Reclamation portion of the Bonneville Unit, Central Utah Project under Public Law 84-485, Public Law 92-370, Public Law 100-563 and Public Law 102-575. The current estimate of the comparable Federal obligation to complete the authorized project is $1,349,610,000 which does not exceed the appropriation ceiling by more than the amount of contingincies included in the obligation. Estimating data are not firm enough to determine if additional appropriation ceiling is necessary. The situation will be analyzed periodically as new precise data becomes available to determine the impact of the changes.

Work proposed for FY 1996

Soldier Creek Dam, Strawberry Reservoir Enlargement, and Collection Works - Operation and maintenance of collection system will continue.	$1,444,000
Jordanelle Dam - Monitoring of the dam during filling of the reservoir will continue. Minor completion work will continue. Land condemnation for Mayflower Stitching-Olsen Neihart will complete.	$4,755,000
Upper Provo River Improvements - Cooperative Agreement for Upper Provo River Fishing Lakes will complete.	$2,070,000
Jacob-Welby Water Rights - Water rights will be purchased for the Jacob-Welby exchange.	$1,020,000
Syar Tunnel - The contract for tunnel completion will be completed.	$3,577,000
Permanent Operating Facilities - Contract will be awarded for Permanent Operating Facilities. Purchase of operating equipment will continue.	$ 13,000
Service Facilities, Depreciation, and Salvage - Provides for acquisition of computer and heavy work equipment partially offset by depreciation charged to permanent features of the project.	$ 700,000
Total request	$13,579,000


N
US 666 & 160
Dove Creek
DOLORES
RIVER
DOLORES COUNTY
MONTEZUMA COUNTY
RIVER
COLO 145
DOLORES
Dolores
COLO 184
Creek
Sandstone
Canyon
Yellow Jacket
COLO 32
Creek
McElmo
CORTEZ
US 160
Mancos
Towaoc
US 666 & 160
LEGEND
① CAHONE PUMPING PLANT
② McPHEE DAM
③ DOVE CREEK CANAL
④ TOWAOC CANAL DEFICIENCIES
⑤ WETLANDS
⑥ ROCKY FORD LATERAL ROAD
2 0 2 4 6 8 10
SCALE IN FEET
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
UPPER COLORADO REGION
DOLORES
PARTICIPATING PROJECT
JANUARY 1995
Craig
COLORADO RIVER
DENVER
Grand Jct
Montrose
Salida
Pueblo
Dolores
Cortez
Durango
Trinidad

Colorado River Storage Project
Dolores Participating Project
Colorado

Location	The project is located in Montezuma and Dolores Counties in southwestern Colorado.
Description	This is a multipurpose project which will provide 12,750 kilowatts of installed power generating capacity, 8,700 acre-feet annually of municipal and industrial water supplies including new municipal and industrial supply for the Ute Mountain Ute Indians. The project will provide a full water supply for the irrigation of 27,860 acres of land in the Dove Creek area and 7,500 acres located on the Ute Mountain Ute Indian Reservation near Towaoc. A supplemental supply will be provided for 26,300 acres of presently irrigated land. Lining and combining canal systems of the Montezuma Valley Irrigation Company (MVIC) will reduce salt loading by 24,500 tons. Since irrigation of new lands in the Dolores Project would increase salt loading 50,650 tons, the net effect of the Dolores Project on salt loading would be to add 26,150 tons of salt to the Colorado River annually. Project benefits include recreation and fish and wildlife enhancement. Crops grown in the full service area presently under dry farming are pinto beans and wheat. It is anticipated that with project water there will be an increase in production of alfalfa, small grains, corn and pasture similar to the adjacent irrigated lands.
Authorization	Public Law 90-537, September 30, 1968; and Public Law 98-569, October 30, 1984.
Land certification	June 28, 1977.
Definite plan report	Definite Plan Report approved July 5, 1977, first supplement approved January 8, 1982, second supplement approved March 24, 1989.
Benefit-cost ratio as of October 1, 1995	Direct benefits 0.9 No change from FY 1995 Budget Justifications.
Completion data	The scheduled completion date is 1998, which is a change from the FY 1995 Budget Justifications due to a revised schedule for the completion of Towaoc Area drains and the purchase of water rights. As of September 30, 1994, the project was 97 percent complete.

Dolores Project . . . .

Summarized Financial Data

Total Federal obligations			
Reclamation	$552,158,000	Allotments to 9/30/94	$524,120,690
Recreational/FWL 1/	21,389,000	Allotments for FY 1995	2,931,000
Net property and other transfers			
Federal participation	-3,410,000	Allotments to date	527,051,690
Non-Federal participation	- 0 -	Allotments for FY 1996	3,470,000
Adjustments 2/	7,629,000	Balance to complete 3/	$21,636,310
Total to be allocated	$577,766,000		

1/ Represents specific recreation costs of $15,867,000 and fish and wildlife mitigation costs of $4,651,000, and fish and wildlife enhancement costs of $871,000.

2/ Represents reimbursable interest during construction of $3,235,000 for power, $4,193,000 for municipal and industrial water facilities, and $201,000 for salinity control at the Dolores authorized project rate of 6.063 percent.

3/ Reclamation is initiating discussions with the Dolores Water Conservancy District, and other non-Federal interests to determine the scope and reduce the cost of work to complete the project.

Project Cost Allocation

Allocation	FY 1995 estimate	FY 1996 estimate
Irrigation	376,020,000	376,830,000
Power	23,662,000	23,565,000
Municipal and industrial water	17,633,000	17,875,000
Recreation	15,953,000	15,867,000
Fish and wildlife	88,215,000	76,437,000
Flood control1/	3,289,000	0
Highway improvement	1,513,000	1,513,000
Salinity control	42,734,000	43,413,000
Other 2/	21,402,000	22,266,000
Total	$590,421,000	$577,766,000

1/ Based on a reevaluation of the flood control purpose by an interagency team from the Bureau of Reclamation and the Army Corps of Engineers, the Bureau of Reclamation determined that there are no benefits associated with the purpose of flood control for the Dolores Project, and therefore, the purpose should be dropped as a project purpose and from the cost allocation. Utilizing the present cost allocation methodology, costs originally allocated to flood control have been reallocated to the combined water supply purposes of irrigation, municipal and industrial water, and fish and wildlife enhancement. This budget document serves as notification of this change in the cost allocation of the Dolores Project.

2/ For nonreimbursable cultural resource activities (Public Law 93-291 and Public Law 96-301). Increase is due to revised estimates of cultural resource mitigation and completion of Anasazi Heritage Center before turning it over to BLM.

Cost allocation methodology

The methodology of cost allocation has not been modified from last year. The decrease of $12,655,000 in total costs include revised contract estimates for McPhee Dam and Powerplant, Dove Creek Canal Distribution, Cortez/Towaoc Distribution, Drains, and Dawson Draw Dam, $3,766,777; revised estimate for land requirements, $280,000; revised estimate for minor and noncontract costs $1,421,264; and facilities transfer to WAPA, $7,289,315. The decrease is offset by indexing, $55,356; and interest during construction, $47,000.

The allocation to **irrigation** increased due to revised estimates for the remaining facilities. The allocation to **power** decreased due to revised estimates. The allocation to **municipal and industrial water** increased due to revised estimates. The allocation to **recreation** decreased due to completed facilities. The allocation to **fish and wildlife** decreased due to revised contract and noncontract costs. The allocation to **flood control** decreased due to dropping it as a project purpose. The allocation to **salinity control** increased due to revised estimates. The allocation to **other** increased due to revised estimate of cultural resources and indexing.

Project Repayment

Repaid by	Amount
Irrigators	$7,425,000
Power	23,533,000
M&I water	17,787,000
Amount repaid by LCRBDF/UCRBF	12,286,000
Apportioned UCRBF revenue	346,873,000
CRDF & other funds	607,000
Ad Valorem tax revenue	16,600,000
Amount deferred under Leavitt Act	5,445,000
Nonreimbursable 1/	147,210,000
Total	$577,766,000

1/ Includes $15,867,000 recreation costs, $76,437,000 fish and wildlife costs, $22,266,000 for cultural resources activities (Public Law 96-301), $1,513,000 highway improvement (Public Law 93-251) and $31,127,000 for salinity control (consisting of $2,930,000 for nonreimbursable general investigation costs under Public Law 92-149 and $28,197,000 for 70 percent of the salinity control construction costs (excluding interest during construction) which are nonreimbursable under Public Law 93-320, section 205).

Status of repayment contract

Repayment contract with Dolores Water Conservancy District was executed September 23, 1977, and validated September 23, 1977. Repayment contract with Ute Mountain Ute Indian Tribe was executed April 21, 1989.

The amount to be repaid by **irrigators** of $7,425,000 is covered by contract with the Dolores Water Conservancy District.

The repayment of **power investment** will be accomplished through existing contracts between the Western Area Power Administration and the power users generated by Colorado River Storage Project Power Rate (Schedule SLIP-F5) effective on December 1, 1994.

The amount to be repaid for 7,700 acre-feet of the project **municipal and industrial supply** of 8,700 acre-feet, is covered by an existing contract with Dolores Water Conservancy District. The remaining 1,000 acre-feet are assigned to the Ute Mountain Ute Indian Tribe and will be contracted for prior to delivery.

Public Law 92-149 and Public Law 93-320, section 205, as amended by Public Law 98-569, provides that 30 percent of the salinity control construction costs will be repaid by the **Lower Colorado River Basin Development Fund**, $10,272,000, with no interest during construction because payment is expected during construction, and **Upper Colorado River Basin Fund**, $1,813,000 for construction plus $201,000 for reimbursable interest during construction. These amounts are based on benefits to be derived by each Basin from the use of water of improved quality, causes of salinity, and availability of revenues, provided that costs allocated to the Upper Basin shall not exceed 15 percent of the construction costs allocated to the Upper and Lower Basin Funds. It also provides that all general investigation costs ($2,930,000) and 70 percent of all other salinity ($28,197,000) costs will be nonreimbursable.

The **Colorado River Development Fund (CRDF) and other funds** account includes $475,000 from the CRDF, $32,000 from the Bureau of Indian Affairs (BIA), and $100,000 contributed from Shell Oil Company toward construction of Bradfield Bridge and applied to irrigation costs. The Colorado River Development Fund will be prorated $56,000 for municipal and industrial water, $32,000 for power, and $387,000 for irrigation costs. The BIA funds will be applied toward repayment of the municipal and industrial obligation of the Indians.

The **ad valorem tax revenue** estimate uses a 1986 base ($140,875,000) to project future growth in the assessed valuation of the district.

Amortization capacity of Indian irrigation - The **Leavitt Act** permits repayment to be deferred as long as the land is in Indian-ownership.

Irrigation investment per acre

Summary of Irrigation Investment

Total irrigation investment/acre	$6,111
Repayment of irrigation investment per acre by irrigators	$120
M&I users	-0-
Power revenues	-0-
UCRB revenues	5,626
Ad Valorem tax	269
CRDF & contract funds	8
Indian Irrigation (deferred)	88
Payment capacity per acre and/or acre-foot	32.90
Annual charges (per acre)	
Construction	4.20
Operation and Maintenance	28.70

Status of NEPA compliance

Projectwide final environmental statement was filed with Council on Environmental Quality May 9, 1977. Draft supplement to the final environmental statement was filed March 2, 1988, and final supplement to the environmental statement was filed March 24, 1989.

Other information

Funds to initiate advance planning were appropriated in FY 1970 and construction in FY 1977. Monument Creek Dam and Reservoir and related recreation and fish and wildlife improvement, and the Cortez-Towaoc Municipal and Industrial Pipeline have been removed from the funded program of the project as they will be constructed by the Dolores Water Conservancy District and the State of Colorado.

Public Law 98-569 authorized salinity control as a purpose of the Dolores Project and combines features of the McElmo Creek Unit, Colorado River Water Quality Improvement Program, with the Dolores Project.

Appropriation ceiling

Appropriations authorized are $1,438,893,000 (October 1995) for this and other projects authorized under Title V of Public Law 93-537. The projects authorized under this title include, in addition to Dolores, Animas-La Plata, Dallas Creek, San Miguel and West Divide. The comparable estimated total Federal obligation for these projects is $1,602,366,000 which exceeds the appropriation ceiling by more than the amount of contingencies included in the obligation for the completion of all projects. As there are presently no plans to commit substantial federal funds for the San Miguel and the West Divide projects, current commitments will be held within the existing ceiling.

Dolores Project

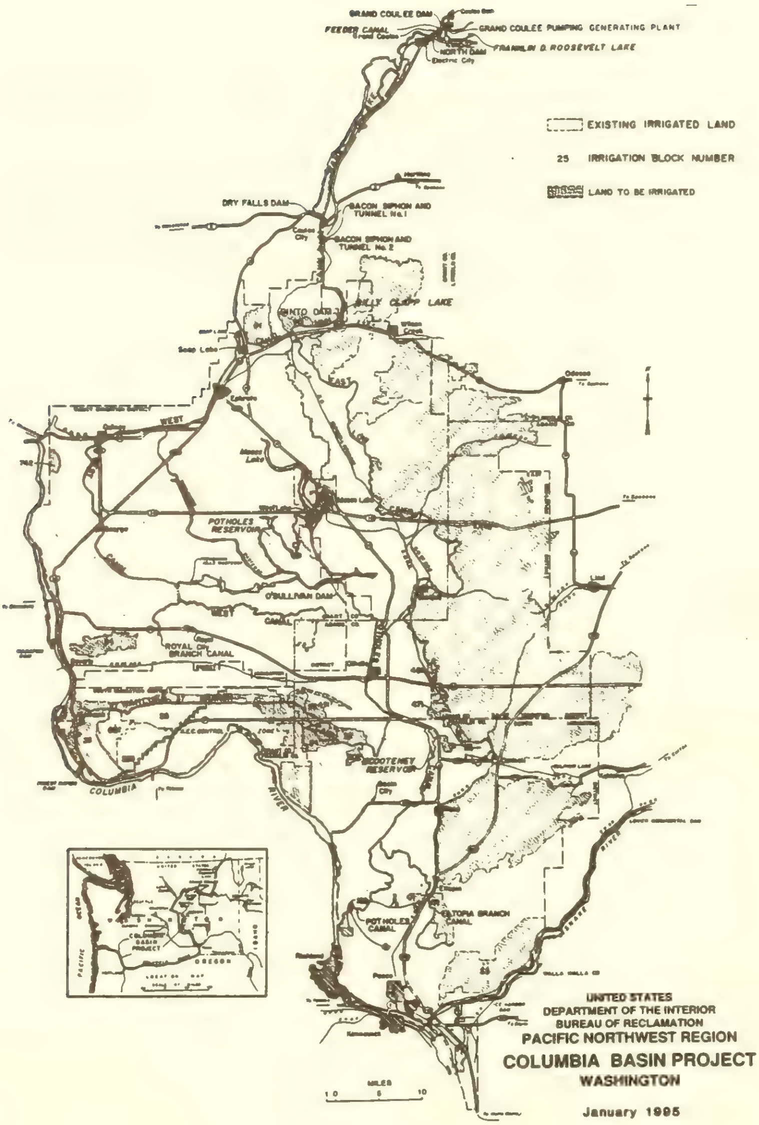
In response to the Office of the Inspector General audit recommendations in its review of the Hoover Visitor Facilities Program, the appropriation ceiling for the Colorado River Storage Project has been reexamined and re-estimated by participating project. Expenditures for work on the Dolores Project have exceeded the indexed appropriation ceiling based on the estimated share of ceiling established in Title V of P.L. 90-537 to the authorized participating units. The proposed funding level for the Dolores Project is $3,470,000 for fiscal year 1996, and an estimated $21,636,310 would be required thereafter to complete remaining authorized project work. Current commitments and completed work to date are in excess of the partitioned indexed ceiling for the Dolores Project of $113,135,000 (October 1995).

Based on previous Solicitor opinions, appropriation ceilings are not required to be partitioned unless authorizing legislation so specifies. In the case of the Colorado River Storage Project, the authorizing legislation did not specify appropriation ceilings by participating project. However, as a matter of policy, these partitioned ceilings are being calculated and reported to Congress.

The estimates used for the ceiling computation by the separate Colorado River Storage Project participating units are approximate. Further analysis is required to refine these estimates. The situation will be analyzed periodically as new data becomes available.

Work proposed for FY 1996

McPhee Dam and Powerplant - Minor completion activities will continue on the McPhee Dam and Powerplant features.	$ 40,000
Dove Creek Distribution System - Minor completion activities will continue on the Dove Creek Distribution System features.	$ 200,000
South Canal Distribution System - Minor completion activities will continue on the South Canal Distribution System features.	$ 26,000
Cortez-Towaoc Distribution System - The contracts to correct Towaoc Canal Deficiencies and construct the Rocky Ford Access Roads will be awarded. Preconstruction activities for Wetland Mitigation will begin. Operation and maintenance activities during construction will continue.	$1,704,000
Drains - Preconstruction activities for Towaoc Area Drains will begin.	$ 185,000
Other Project Costs - Cultural resource activities will continue. Water rights will begin to be acquired. Deficiencies of the Anasazi Heritage Center prior to transfer to the BLM will be completed.	$1,315,000
Total request	$3,470,000


GRAND COULEE DAM
FEEDER CANAL
Grand Coulee
GRAND COULEE PUMPING GENERATING PLANT
NORTH DAM
Electric City
FRANKLIN D. ROOSEVELT LAKE
EXISTING IRRIGATED LAND
25 IRRIGATION BLOCK NUMBER
LAND TO BE IRRIGATED
DRY FALLS DAM
BACON SIPHON AND TUNNEL No.1
Coulee City
BACON SIPHON AND TUNNEL No.2
PINTO DAM
BILLY CLAPP LAKE
Soap Lake
WEST
Ephrata
POTHOLES RESERVOIR
O'SULLIVAN DAM
WEST CANAL
ROYAL CITY BRANCH CANAL
COLUMBIA
SCOOTENEY RESERVOIR
RIVER
Basin City
POTHOLES CANAL
ELTOPIA BRANCH CANAL
Pasco
Kennewick
Odessa
Lind
SNAKE RIVER
WALLA WALLA CO
COLUMBIA BASIN PROJECT
OREGON
PACIFIC
MILES
10 0 5 10
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
PACIFIC NORTHWEST REGION
COLUMBIA BASIN PROJECT
WASHINGTON
January 1995

Columbia Basin Project
Washington

Location	This project is located in central Washington.
Description	This is a multipurpose project that provides a power supply of 6,494,000 kilowatts and a full water supply for the irrigation of 557,530 acres. The project also provides flood control, fish and wildlife, and navigation benefits.
Authorization	Public Law 409, August 30, 1936; and Public Law 89-448, June 14, 1966, authorized the Third Powerplant.
Land certification	August 11, 1952; April 7, 1976.
Definite plan report	A summary planning report for the previously authorized project facilities was submitted in March 1953 and adopted in lieu of a Definite Plan Report. The Third Powerplant Report was approved March 18, 1968.
Benefit cost ratio as of October 1, 1995	Direct Benefits: 6.0 The benefit-cost ratio for the project without the Third Powerplant is 2.0 for direct benefits. The ratios were computed using the authorized interest rate of 3 percent for Irrigation Facilities and 3-1/8 percent for the Third Powerplant. The B/C ratios changed from the previous submittal and reflect the deletion of cost for the development of the second half of the project.
Completion data	A completion date cannot be determined at this time. Irrigation drainage facilities are constructed as the need arises and are scheduled to continue for several years pending completion of a drainage study. Fish mitigation facilities are scheduled to be completed in fiscal year 1998. All remaining work on the Third Powerplant was completed in fiscal year 1994. The Irrigation Facilities were 99 percent complete as of September 30, 1994.

Summarized Financial Data

Total Federal obligations			
Reclamation	$1,776,176,944	Allotments to 9/30/94	$1,695,956,098
Other Federal	- 0 -	Allotments for FY 1995	4,800,000
Net property and other transfers			
Federal participation	10,913,887	Allotments to date	$1,700,756,098
Non-Federal participation	15,362,000	Allotments for FY 1996	1,698,000
Adjustment 1/	47,221,000	Balance after FY 1996	73,722,846
Total to be allocated	$1,849,673,831		

1/ Includes operation and maintenance of financed additions and improvements to power and multipurpose facilities; credits for sale of property under the Coulee Dam Community Act of 1957, and minor adjustments, all of which total $5,834,000. Interest during construction amounts to $41,387,000.

Project Cost Allocation

Allocation	FY 1995 estimate	FY 1996 estimate
Irrigation	$3,674,804,000	$ 752,768,396
Power	1,031,114,944	1,032,823,846
Fish and Wildlife	119,417,000	8,081,589
Flood Control	49,466,000	50,772,000
Navigation	1,000,000	1,000,000
Other 1/	4,228,000	4,228,000
Total	$4,880,029,944	$1,849,673,831

1/ Includes nonreimbursable expenditures of $177,000 for spillway flood lighting at Grand Coulee Dam; $3,685,000 for cultural resources activities; and $366,000 for landslide/ground-water investigations of Franklin County roads.

Cost allocation methodology

The methodology of the cost allocation has not been modified from last year. The allocation reflects the deletion of all costs associated with future irrigation development (2nd half of project) and associated purposes. Accordingly, the irrigation allocation is substantially reduced. The power allocation increased due to the addition of fish hatchery mitigation costs, of which power is assigned a share.

Project Repayment

Repaid By	Amount
Irrigators 1/	$ 73,871,000
Power 2/	1,676,613,242
Settlement land sales	13,304,000
Non-Federal contributions 3/	15,259,000
Leavitt Act 4/	6,545,000
Nonreimbursable 5/	64,081,589
Total	$1,849,673,831

1/ The scheduled amount to be repaid on completed facilities is covered by existing contracts with project beneficiaries.

2/ Power which is in excess to project needs is delivered to and marketed by the Bonneville Power Administration. Power for project use will be repaid under existing and future water user repayment contracts.

3/ Includes $15,000,000 contribution by the State of Washington to assist in construction of Bacon Siphon and Tunnel No. 2; $313,440 contributed by the State of Washington to assist in the construction of Grand Coulee Dam; and $48,560 in miscellaneous contributions, less $103,000 non-Federal contribution allocation to flood control included in the total under footnote 5.

4/ Cost allocated to Indian irrigation--the Leavitt Act permits repayment to be deferred as long as the land is Indian owned.

5/ Includes $50,772,000 for flood control; $1,000,000 for navigation; $177,000 for spillway flood lighting; $8,081,589 for fish and wildlife; $3,685,000 for cultural resources activities; and $366,000 for landslide/ground-water investigations of Franklin County roads.

Status of repayment contract

Amendatory repayment contracts were executed on December 18, 1968, by the three Columbia Basin Irrigation Districts. Master water service contracts with the East and Quincy Columbia Basin Irrigation Districts for Bacon Siphon and Tunnel No. 2 water were executed on August 27, 1976.

Irrigation investment per acre

Summary of Irrigation Investment

Total irrigation investment/acre	$1,351
Repayment of irrigation investment per acre by	
Irrigators	$ 133
Power revenues	1,155
Indian irrigation (deferred)	12
Non-Federal contribution	27
Settlement land sales	24
Payment capacity per acre and/or acre-foot	
Annual charges (per acre)	$32.73
Construction	2.65
Operation and maintenance	30.08

Status of NEPA compliance

A project wide final environmental statement was filed with Council on Environmental Quality, February 27, 1976. Final statement for the Esquatzel Coulee, August 18, 1977. Finding of no significant impact for Block 26 Laterals, June 1, 1981. Draft environmental impact statement for completion of the project was filed with the Environmental Protection Agency September 20, 1989, a supplement to the draft was filed September 21, 1993. Due to the uncertainty regarding the Columbia and Snake Rivers flow requirements and listing of threatened and endangered species, plans for the final EIS have been discontinued.

Other information

Irrigation facilities have been completed for approximately one-half of the total authorized project acres. The Right and Left Powerplants, pump generating plant, and Third Powerplant at Grand Coulee have been completed and are in service.

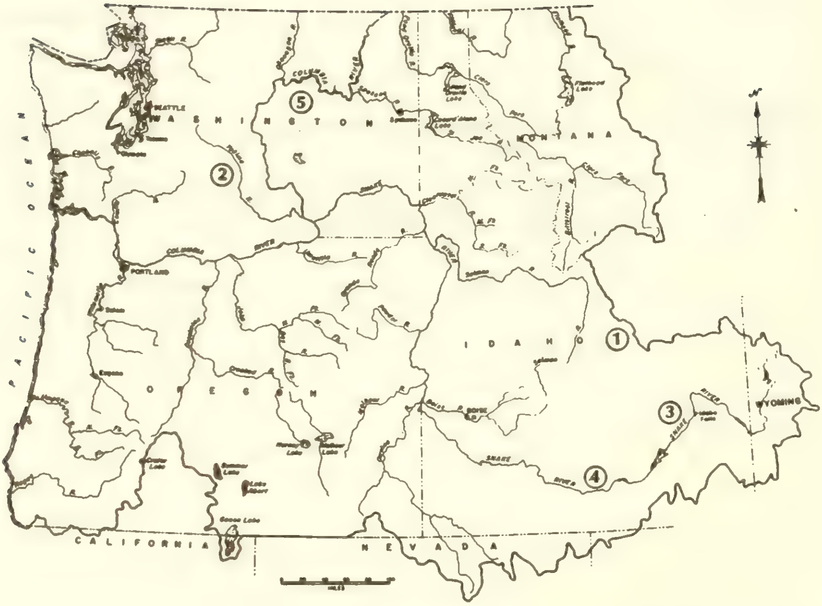
Decision was made not to develop the second phase of the Columbia Basin Project which resulted in a reduction in irrigated acreage.

Appropriation ceiling

Appropriations ceiling language for the Columbia Basin Project applies to the Third Powerplant only.

Work proposed for FY 1996

Drainage - A study to assess the construction of additional drains will continue.	$ 354,000
Deferred and Supplemental - The Esquatzel Eltopia Bridge, WB10 Wasteway silt removal, and WB10 mitigation will be completed. Construction of Burbank Pumping Plant fishscreens will be initiated.	$1,164,000
Other Project Costs - Provides for payments in lieu of taxes.	$ 180,000
Total request	$1,698,000



WATER CONSERVATION/FLOW AUGMENTATION PROJECTS:
1 LEMHI RIVER BASIN PROJECT, IDAHO
2 YAKIMA RIVER BASIN PROJECT, WASHINGTON

WATER ACQUISITION:
3 WATER LEASES/STORAGE,BUYBACK

ENVIRONMENTAL ACTIVITIES:
4 SNAKE RIVER STUDY

FISH PASSAGE AND PROTECTIVE FACILITIES:
5 COLUMBIA RIVER BASIN FACILITIES

WATERSHED ENHANCEMENT DEMONSTRATION PROJECTS:
REGIONWIDE

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
PACIFIC NORTHWEST REGION
COLUMBIA AND SNAKE RIVER
SALMON RECOVERY PROJECT

January 1995

Columbia and Snake River Salmon Recovery Project

Idaho, Oregon, Montana, Washington, and Wyoming

Location	This project is located in the Columbia River drainage in the states of Idaho, Oregon, Montana, Washington, and Wyoming.
Description	The decline in populations of salmon in the Columbia River Basin is one of the most pressing environmental and economic issues facing the Northwest. In December 1991, the National Marine Fisheries Services (NMFS) listed the Snake River sockeye salmon as endangered, and in May 1992, the Snake River spring/summer and fall chinook were listed as threatened. Streamflow conditions in the Lower Snake and Columbia Rivers are critical to salmon migration. The Bureau of Reclamation is one of several agencies that operate dams and water projects on the Columbia and Snake Rivers, and is taking several actions to comply with the Endangered Species Act and to aid in salmon survival.
Authorization	Endangered Species Act, Public Law 93-205, dated December 28, 1973.
Land certification	None required.
Definite plan report	None required.
Benefit cost ratio as of October 1, 1995	Not applicable since benefits are intangible.
Completion data	The project is scheduled for completion in FY 1999. The project is 6 percent complete as of September 30, 1994.

Summarized Financial Data

Total Federal obligations			
Reclamation	$61,226,000	Allotments to 9/30/94	$ 1,999,613
Other Federal	- 0 -	Allotment for FY 1995	5,600,000
Net property and other transfers			
Federal participation	- 0 -	Allotments to date	7,599,613
Non-Federal participation 1/	3,225,000	Allotment for FY 1996	15,000,000
Adjustments	- 0 -		- 0 -
Total to be allocated	$64,451,000	Balance to complete	$38,626,387

1/ Funding provided by states, water users, and utility rate payers.

Project Cost Allocation

Allocation	FY 1995 estimate	FY 1996 estimate
Fish and wildlife	**$31,575,000**	**$64,451,000 2/**
Total	**$31,575,000**	**$64,451,000**

2/ Change in estimated costs reflects a reformulation of the project to include increased water acquisition as the result of an increased role for Reclamation under the Biological Opinion issued in 1994.

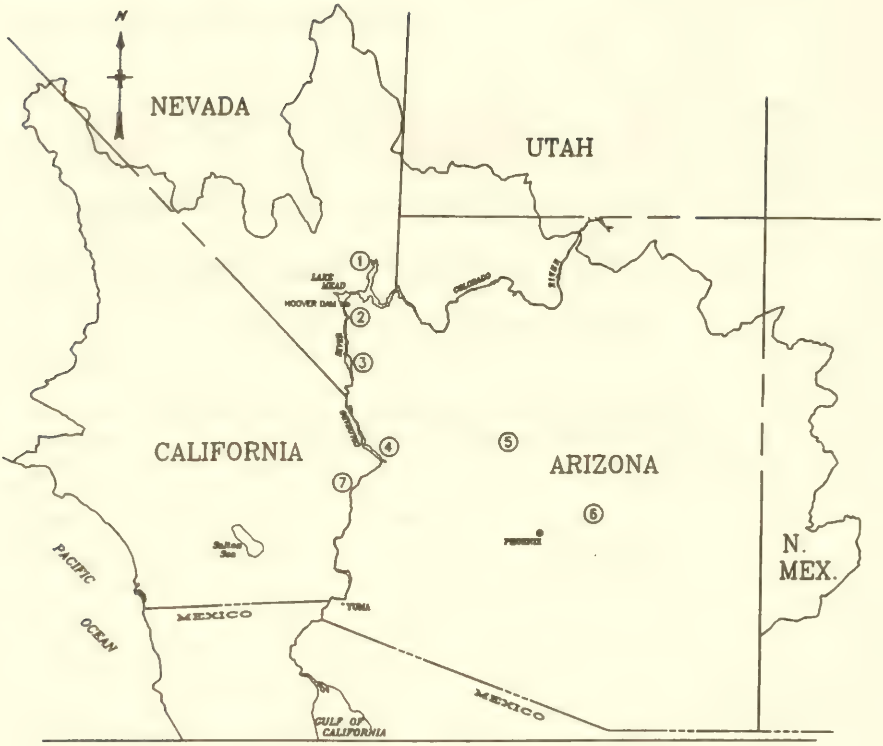
Project Repayment

Repaid By	Amount
Non-Federal contributions	3,225,000
Non-reimbursable	61,226,000
Total	$64,451,000

Status of repayment contracts	None required.
Irrigation investment per acre	Not applicable.
Status NEPA compliance	Applicable NEPA documentation will be completed before individual actions are undertaken.
Appropriation ceiling	Not applicable.

Work proposed for FY 1996

Water Conservation/Flow Augmentation - One contract on the Lemhi River basin Project will continue and one contract will be completed on both the Lemhi River Basin and on the Yakima River Basin Project.	$ 3,000,000
Water Acquisition - Contracts for water purchase, leases and storage buyback will continue.	$10,132,000
Environmental Activities - Snake River Study and EIS work will continue.	$ 1,000,000
Fish Passage and Protective Facilities - One contract for fish screens will complete and three new contracts for fish screens will be awarded.	$ 717,000
Watershed Enhancement Demonstration Projects - A contract for a watershed enhancement demonstration project will be awarded.	$ 250,000
Total program	$15,099,000
Total nonFederal noncash contribution	-99,000
Total request	$15,000,000



LEGEND

NEVADA

1 LAKE MEAD ENDANGERED FISH REARING

ARIZONA

2 WILLOW BEACH HATCHERY RETROFIT
3 LAKE MOHAVE ENDANGERED FISH RECOVERY
4 LAKE HAVASU ENDANGERED FISH RECOVERY
5 BUBBLING PONDS HATCHERY REHABILITATION
6 ROOSEVELT LAKE RAZORBACK SUCKER REARING FACILITY

CALIFORNIA

7 THREE FINGER LAKE, CIBOLA NWR

KEY MAP

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
LOWER COLORADO REGION

ENDANGERED SPECIES
CONSERVATION/RECOVERY
PROJECT

JANUARY 1995

Endangered Species Conservation/Recovery Projects
Arizona, California, Nevada

Location	These projects are located at various sites within the Colorado River Basin in Arizona, southern California, and southern Nevada.
Description	This program provides for the development and implementation of projects for the preservation, conservation, and recovery of endangered, threatened, proposed, and candidate species that are resident or migratory to habitats within the Lower Colorado River Basin. Principal endangered and proposed species include the razorback sucker, bonytail chub, Colorado squawfish, Yuma clapper rail, bald eagle, and southwestern willow flycatcher. Specific projects include the rearing of endangered fish in isolated coves on Lake Mohave, Lake Havasu, and Lake Mead; rehabilitating backwaters along the lower Colorado River for endangered fish rearing and wetland improvements for several species; construction of rearing ponds (e.g. on Colorado River Indian and Hualapai Reservations) for endangered fish; retrofitting of cold water hatcheries to warm water capabilities (e.g. Willow Beach National Fish Hatchery and Lake Mead State Hatchery, Nevada); and rehabilitation of Bubbling Ponds State Hatchery, Arizona. The recovery of the Yuma clapper rail will be accelerated through the restoration of wetland habitats along the Colorado River, with special emphasis on partnerships with the four National Wildlife Refuges. Status of the willow flycatcher and other neotropical migrants will be improved through the restoration of native willow and cottonwood riparian habitats along the Colorado River and tributaries. Restoration of native wetland-riparian habitats will assist in preventing the listing of several candidate species. Improvements in the status of raptors can be accomplished through nestwatch programs for the bald eagle.
Authorization	Public Law 93-205, Endangered Species Act of 1973, as amended.
Land certification	None required.
Definite plan report	Projects for individual species and critical habitat have been or will be developed as necessary.
Benefit cost ratio as of October 1, 1995	Not applicable since benefits are intangible.
Completion data	There are numerous endangered and threatened species in the Colorado River Basin. This program as currently identified is expected to complete in FY 2000; however, given the number of candidate species and the potential for additional consultations under the Endangered Species Act, the ultimate completion date for the project cannot be determined.

Endangered Species . . . .

Summarized Financial Data

Total Federal obligations			
Reclamation	$10,936,000	Allotments to 9/30/94	$ - 0 -
Other Federal	- 0 -	Allotments for FY 1995	1,454,000
Net property and other transfers			
Federal participation	- 0 -	Allotments to date	1,454,000
Non-Federal participation	9,482,000	Allotments for FY 1996	2,170,000
Adjustment			
Total to be allocated	$20,418,000	Balance to complete	$7,312,000

Project Repayment

Repaid By	Amount
Nonreimbursable	$10,936,000
Non-Federal contributions	9,482,000
Total	$20,418,000

Status of repayment contract Not applicable.

Irrigation investment per acre Not applicable.

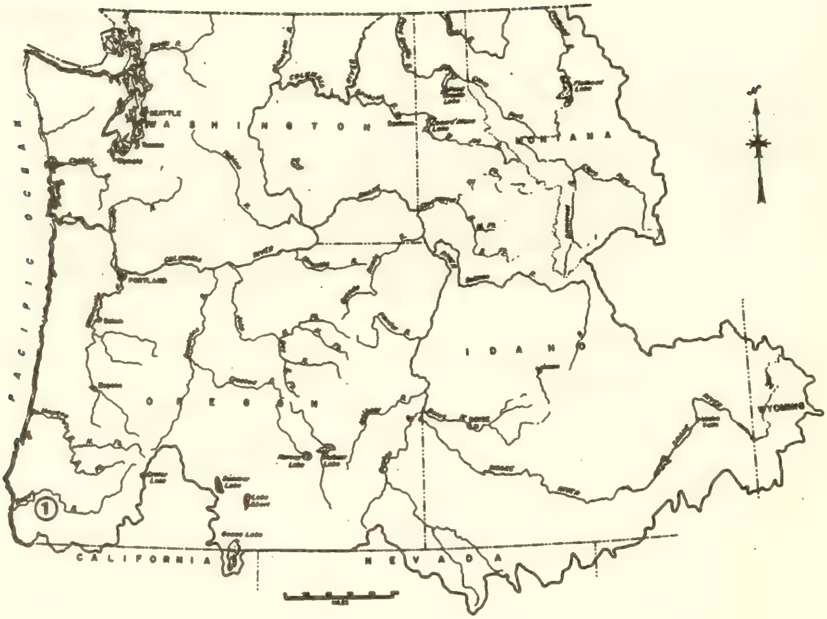
Status of NEPA compliance Individual NEPA compliance documents will be prepared before construction is initiated. Construction activities currently scheduled would be covered by categorical exclusions or environmental assessments.

Other Information This program will further the purposes of the Endangered Species Act by developing and implementing actions that conserve, sustain, and assist in the recovery of endangered, threatened, proposed, and candidate species in the Lower Colorado River Basin. Work will include early ecosystem interventions on native fish species to avoid the need to list these species as endangered or threatened. Critical habitats will be designated at various sites along the Colorado River.

Appropriation ceiling Not applicable.

Work proposed for FY 1996 Construction will begin for the installation of the Hualapai Rearing Facility and the Roosevelt Lake Razorback Sucker Rearing Facility. Work will continue on the construction of additional endangered fish rearing coves on Lakes Mead, Mohave, and Havasu, and additional backwaters along the lower Colorado River and degraded riparian-wetland habitats will be renovated. Also continuing are major phases on the retrofit of Willow Beach Hatchery and the rehabilitation of Bubbling Ponds Hatchery. Monitoring of bald eagles will continue.

	$ 4,340,000
Non-Federal contributions	$-2,170,000
Total request	$ 2,170,000



ENDANGERED SPECIES RECOVERY IMPLEMENTATION PROGRAM

1 **ROGUE RIVER BASIN, OREGON**

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
PACIFIC NORTHWEST REGION
ENDANGERED SPECIES RECOVERY IMPLEMENTATION PROGRAM
January 1995

Endangered Species Recovery Implementation Program

Idaho, Montana, Oregon, Washington

Location	Activities are located in the states of Idaho, Montana, Oregon, and Washington.
Description	Reclamation, as a principal operator of Federal water projects in the Pacific Northwest, is designated as a cooperative participant in recovery measures to minimize the potential effects of Reclamation actions upon listed or candidate species and reduce the potential for more stringent requirements being imposed upon Reclamation projects as a result of formal consultation pursuant to section 7(a)(2) of the Endangered Species Act. This program will identify and undertake activities to recover and conserve listed and candidate species at existing Reclamation projects throughout the Pacific Northwest Region.
Authorization	Public Law 93-205, Endangered Species Act of 1973, as amended.
Land certification	None required.
Definite plan report	Not applicable.
Benefit cost ratio as of October 1, 1995	Not applicable since benefits are intangible.
Completion date	The Rogue River Basin program is scheduled for completion in FY 2000. The ultimate completion date for the project has not been determined.

Summarized Financial Data

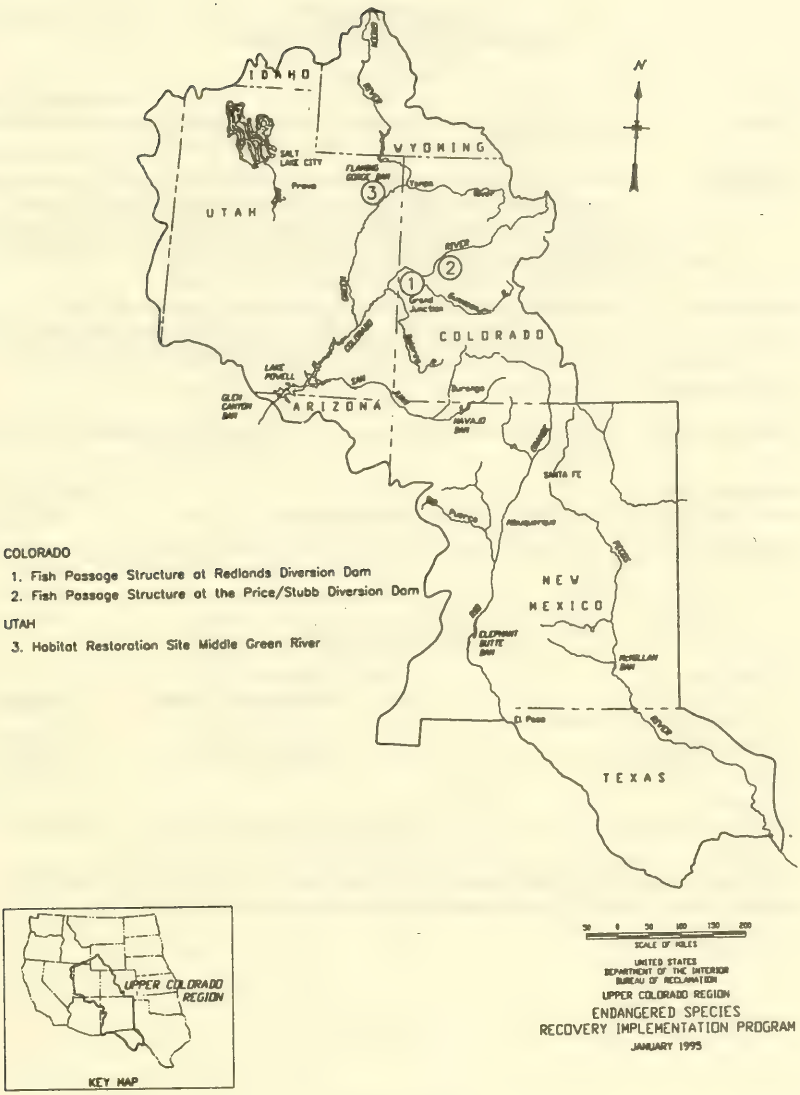
Total Federal obligations			
Reclamation 1/	To be determined	Allotments to 9/30/94	$ - 0 -
Other Federal	TBD	Allotments for FY 1995	- 0 -
Net property and other transfers			
Federal participation	TBD	Allotments to date	- 0 -
Non-Federal participation	TBD	Allotments for FY 1996	170,000
Adjustment			
Total to be allocated	TBD	Balance to complete	TBD

1/ Total cost and non-Federal participation not yet determined. Current estimate of total cost is $5,200,000. Project cost allocations and plans for project repayment will be developed as planning activities are completed.

Endangered Species . . . .

Status of NEPA compliance	Individual NEPA compliance documents will be prepared before construction is initiated.
Other information	Although the primary focus of activities for which funds are being requested in fiscal year 1996 are in the State of Oregon, efforts will continue to identify and cooperate in recovery and conservation activities at Reclamation facilities throughout the region as necessary.
Appropriation ceiling	Not applicable.
Work proposed for FY 1996	Provides for initiation of designs and preconstruction activities to modify fish screen and ladder structures at six diversions in the Rogue River Basin to protect anadromous and resident fisheries and improve passage conditions.

Total request	**$ 170,000**



COLORADO

1. Fish Passage Structure at Redlands Diversion Dam
2. Fish Passage Structure at the Price/Stubb Diversion Dam

UTAH

3. Habitat Restoration Site Middle Green River

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
UPPER COLORADO REGION
ENDANGERED SPECIES
RECOVERY IMPLEMENTATION PROGRAM
JANUARY 1995

Construction - 246

Endangered Species Recovery Implementation Program

Upper Colorado Region
Various States

Location	The project is located in the states of the Upper Colorado Region which includes Arizona, Colorado, New Mexico, Texas, Utah, and Wyoming.
Description	This program provides for studies to identify endangered species population size, population distribution, food supply, and available habitat. It also provides for construction activities which will include habitat improvements by modifications of existing diversion and other dams, and water right purchases to ensure the recovery of endangered species.
Authorization	Endangered Species Act, Public Law 93-205, dated December 28, 1973. Authority for the development and improvement of wildlife resources is also provided by Section 3 (a) of the Fish and Wildlife Coordination Act of 1946.
Land certification	None required.
Definite plan report	Program for individual species and critical habitat will be developed as necessary.
Benefit-cost ratio as of October 1, 1995	Not applicable since benefits are intangible.
Completion data	Completion of project depends on willingness of all partners to share in the financing.

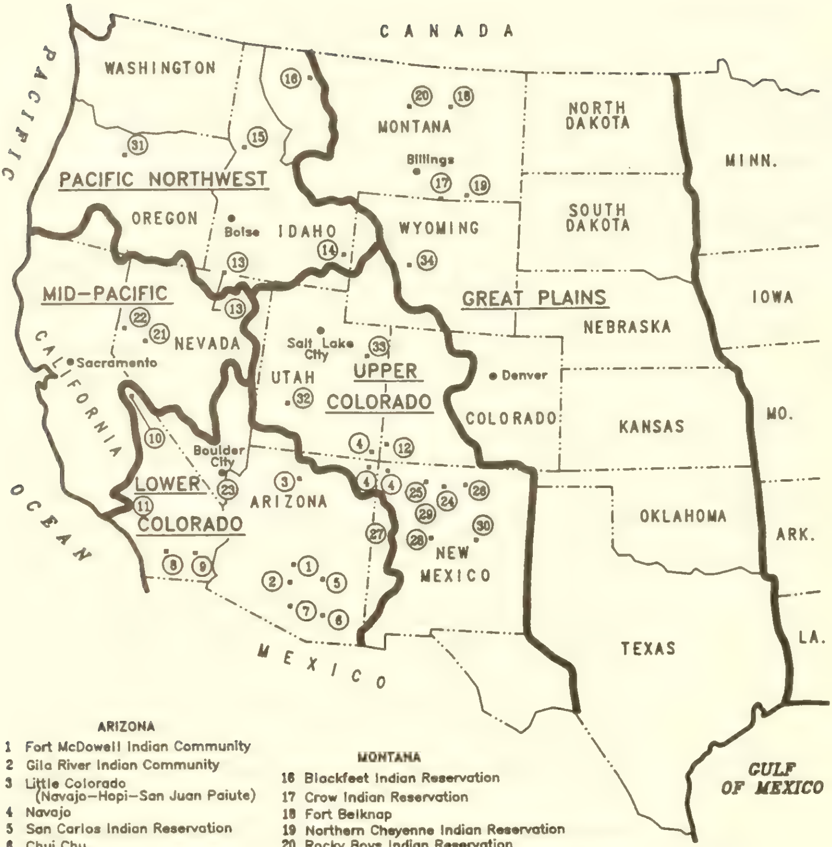
Summarized Financial Data

Total Program 1/	TBD	Allotments to 9/30/94	$ - 0 -
		Allotments for FY 1995	5,198,000
Net property and other transfers			
Federal participation	TBD	Allotments to date	5,198,000
Non-Federal participation	TBD	Allotments for FY 1996	6,373,000
Adjustments			
Total to be allocated	TBD	Balance after FY 1996	$60,395,000

1/ Federal and non-Federal participation not yet determined. Current estimate of total cost is without substantial non-Federal cost sharing, Federal funding will be limited in future years. Reclamation will work with partners this year to develop a cost sharing package in time for the FY 1997 budget.

Endangered Species . . . .

Status of repayment contract	Not applicable.	
Irrigation investment per acre	Not applicable.	
Status of NEPA compliance	Environmental assessments are scheduled to be completed as follows: Redlands Fish Passage in January 1995, Yampa River Studies in September 1995, and Grand Valley Water Management in September 1996.	
Other information	Reclamation has been involved in Recovery Implementation Plan activities since 1988. Initial funding has been provided by Colorado River Storage Project revenues.	
Appropriation ceiling	Not applicable.	
Work proposed for FY 1996	**Recovery Program** - Management of endangered species activities will continue within the Upper Colorado River Basin to recover four species of endangered fish.	$200,000
	Restoration of Fish Passage - A contract will be awarded for construction to modify the Price Stubb Diversion Dam to allow passage of migrating endangered species into the Colorado River up stream of the Grand Valley. Construction of the Redlands Fish Passage will continue.	$ 510,000
	Yampa River Water Development - Preconstruction activities will continue on the Elkhead Enlargement.	$2,265,000
	15 Mile Reach Development - Preconstruction activities will continue.	$ 485,000
	Habitat Restoration - A contract will be awarded for the development of habitat sites. Land acquisition activities will continue.	$1,300,000
	Endangered Fish Augmentation - A contract will be awarded to construct Endangered Fish Augmentation Facilities.	$1,613,000
	Total request	**$6,373,000**



ARIZONA

1 Fort McDowell Indian Community
2 Gila River Indian Community
3 Little Colorado (Navajo–Hopi–San Juan Paiute)
4 Navajo
5 San Carlos Indian Reservation
6 Chui Chu
7 Southern Arizona Water Rights Settlement Act (SAWRSA)

CALIFORNIA

8 San Luis Rey
9 Torres–Martinez
10 Owens Valley
11 Saboba

COLORADO

12 Southern Utes/Ute Mountain Utes

IDAHO

13 Duck Valley Indian Reservation
14 Fort Hall
15 Nez Perce Indian Reservation

MONTANA

16 Blackfeet Indian Reservation
17 Crow Indian Reservation
18 Fort Belknap
19 Northern Cheyenne Indian Reservation
20 Rocky Boys Indian Reservation

NEVADA

21 Fallon
22 Pyramid Lake
13 Duck Valley Indian Reservation
23 Las Vegas Paiute

NEW MEXICO

24 Aamodt (Pueblos–Nambe, Pojoaque, San Ildefonso, Tesuque)
25 Jicarilla Apache Reservation
26 Pueblo of Taos
27 Pueblo of Zuni and Ramah Navajo
28 Pueblos of Acoma and Laguna
29 Pueblos of Zia, Jemez, and Santa Ana
30 San Juan Pueblos

OREGON

31 Warm Springs Reservation

UTAH

32 Shivwits Paiute Indian Reservation
33 Uintah and Ouray Utes

WYOMING

23 Wind River Indian Reservation

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

WASHINGTON, D.C.

INDIAN WATER RIGHTS SETTLEMENTS NEGOTIATION AND IMPLEMENTATION

February 1995

INDIAN WATER RIGHTS PROGRAM

The Indian Water Rights Settlement funds support selected Reclamation activities associated with the administration of Tribal/Individual Tribal Members Trust assets managed by the Secretary of the Interior.

The activities include development of water right claims for reserved water entitlement, coordination of execution of Reclamation policies and procedures governing the Secretary's Indian Trust responsibility; establishment of an outreach program to Tribes in accordance with applicable section of Reclamation's implementation plan, and providing resources for the training of Reclamation employees and members of selected Indian Tribes.

Consistent with the President's policy of April 1994, the FY 1996 request includes vital programs in support of Native Americans self-governing and their self-determination efforts. Funding for implementation of Indian water rights settlements is contained in the Department's Land and Water Settlement Fund. The exceptions are: 1) funds for Indian water rights settlement activities that are included in the requests for larger, multi-purpose projects; 2) O&M costs authorized by law (e.g., Ak Chin); and 3) funds for implementation activities in which Reclamation's role is relatively low cost.

In FY 1996, funds for implementation of the following activities are requested in the Department's Land and Water Settlement Fund: Southern Arizona Water Rights Settlement Act ($3.0 million), and the Navajo Indian Irrigation Project (NIIP) ($34.2 million).

GENERAL ADMINISTRATION

This activity funds the coordination of Reclamation's role in negotiations and implementation for Indian water rights settlements. These activities involve Reclamation personnel located throughout the 17 western states. The Native American Affairs Office in Washington D.C. serves as the focal point for these negotiations related to Indian water rights claims and settlements. It will also provide for workshops and other special initiatives of benefit to Indian tribes.

NEGOTIATIONS

Location Various States

Description Ongoing activities will consist of participation on negotiating teams and the performance of technical studies and the gathering and technical analysis of data that will assist in the negotiations. The following negotiations are ongoing:

Aamodt - New Mexico
Acoma - Laguna Pueblo - New Mexico
Blackfeet - Montana
Chui Chu - Arizona
Crow - Montana
Duck Valley - Oregon
Fort Belknap - Montana
Gila River Indian Community - Arizona

Indian Water Rights Program . . . .

Jemez - New Mexico
Las Vegas Paiute - Nevada
Navajo/Hopi (Little Colorado) - Arizona
Nez Perce - Idaho
Owens Valley - California
Rocky Boys - Montana
Saboba - California
Santa Anna - New Mexico
San Juan Pueblo - New Mexico
Taos - New Mexico
Warm Springs - Oregon
Shivwits Paiute - Arizona
Zuni Pueblo and Ramah Band (Navajo) - New Mexico
Zia Pueblo - New Mexico

IMPLEMENTATION

Location Various States

Description The Bureau of Reclamation has implementation responsibility only to the extent that the work is specifically directed, is included within larger, ongoing Construction projects, or is of a low-cost nature. Some examples follow:

SAWRSA - Arizona
San Luis Rey - California
Fort McDowell - California
Fort Hall - Idaho
Northern Cheyenne - Montana
Uintah and Ouray Utes - Utah
Southern Utes - Colorado
Ute Mountain Utes - Colorado
Jicarilla - New Mexico
San Carlos - Arizona
Fallon - Nevada
Pyramid Lake - Nevada
Wind River - Wyoming

Summarized Financial Data

FY 1995 allotment	$3,175,000	FY 1996 request	$4,357,000
Prior year funds	919,867		- 0 -
Other Federal participation 1/	$2,276,000	Other Federal participation	$3,000,000
FY 1995 total program	$6,372,867	FY 1996 total program	$7,357,000

1/ Implementation funding included in Bureau of Indian Affairs budget. Not included in this total is $26.1 million in FY 1995 and $34.2 million in FY 1996 for the Navajo Indian Irrigation Project.

BIA Funded Programs
Indian Water Rights Settlement Projects
Arizona

Southern Arizona Water Rights Settlement Act

Location: This project is authorized by the Southern Arizona Water Settlement Act of 1982 and is located in the San Xavier and Schuk Toak Districts of the Tohono O'odham Nation in Pima County, Arizona.

Work Scheduled, FY 1996:

Schuk Toak New Farm Design of the new farm will be completed.	$2,919,000
San Xavier Existing Farm Rehabilitation Design of the bank stabilization and sinkhole investigations will be completed.	$ 55,000
San Xavier New Farm Minor activities associated with assisting the Tohono O'odham Nation and the San Xavier District resolve their legal concerns over their relative water rights will continue.	$ 26,000
Total:	$3,000,000

Method of Financing

FY 1995 Reclamation Allotment	$ 0	FY 1996 Reclamation Request	$ 0
Other Federal Contributions[1]	3,505,000	Other Fed Contributions[1]	3,000,000
FY 1995 Total Program	$3,505,000	FY 1996 Total Program	$3,000,000

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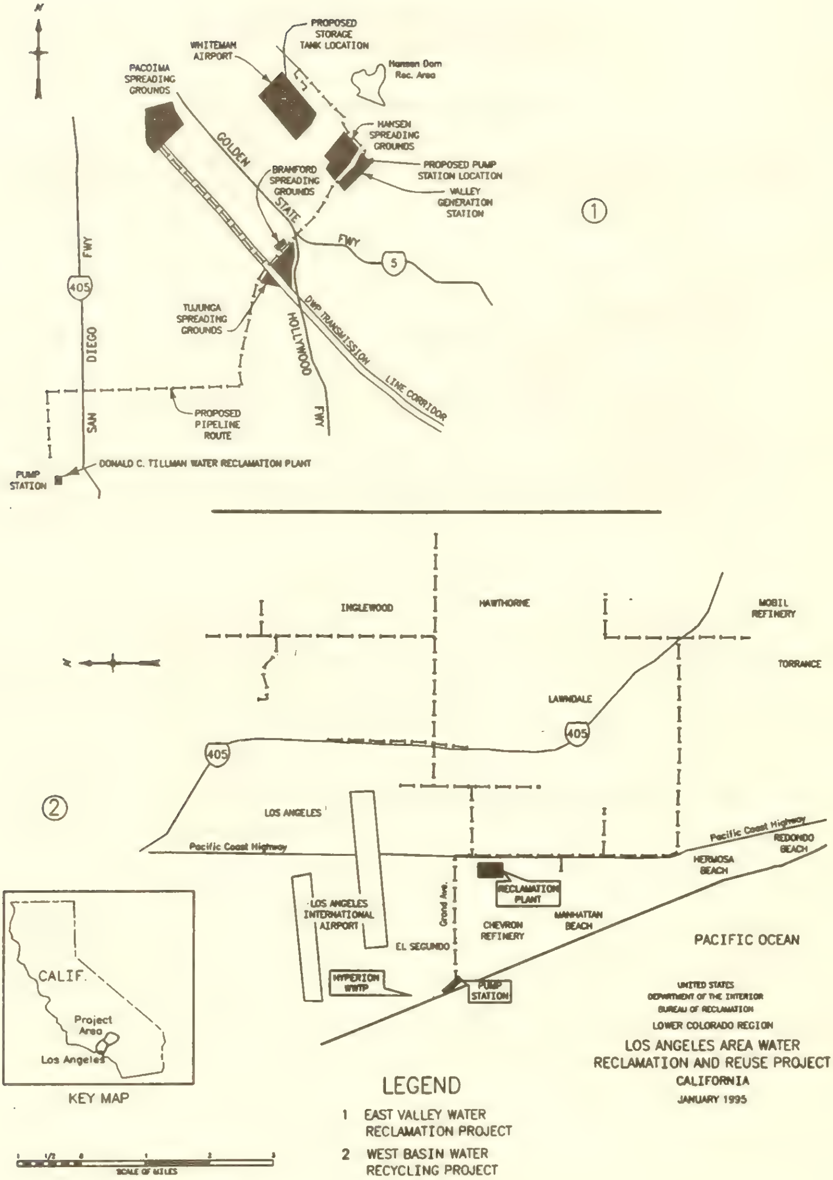
[1] Funds allocated from the Bureau of Indian Affairs under the Department of the Interior Appropriation.



Construction - 254

Los Angeles Area Water Reclamation and Reuse Project
California

Location This project is located in Los Angeles County, California.

Description This project consists of three units, the West Basin Water Recycling Project, East Valley Water Reclamation Project, and Terminal Island Project.

The West Basin Water Recycling Project will annually use about 70,000 acre-feet of wastewater from the existing Los Angeles Hyperion Wastewater Treatment Plant that will be pumped to a recycling facility for further treatment and distribution for various uses including industrial process water, urban irrigation, and for prevention of seawater intrusion into the local groundwater basin.

The East Valley Water Reclamation Project will use the existing Tillman Wastewater Treatment Plant as the source water for the project, which has been split into two phases. During the first phase, facilities will be constructed to enable initial spreading of 10,000 acre-feet per year using existing spreading grounds for groundwater recharge. The amount of reclaimed water spread will be increased during this phase of operation if approved by regulatory agencies, pending their review and evaluation of monitoring results. During the second phase, additional facilities will be constructed to convey reclaimed water to other spreading grounds to increase spreading capacity and to enable the use of reclaimed water for industrial and irrigation purposes. Upon completion, the project will use 35,000 acre-feet of reclaimed water per year. The project consists of the construction of 13 miles of large-diameter pipe, a 2-million-gallon storage tank, and pump stations.

The Terminal Island Project will annually use about 15,000 acre-feet of reclaimed water from the existing Terminal Island Wastewater Treatment Plant in the Los Angeles harbor area for landscape irrigation, industrial process water, and a sea water intrusion barrier. The project consists of additional treatment facilities and the distribution system.

The water reused by the three units of this project will reduce the need for water importations from Mono Lake/Owens Valley, northern California, and the Colorado River. The project will also decrease the wastewater discharge into the Santa Monica Bay, thereby supplementing efforts to clean up the bay.

Authorization Public Law 102-575, October 30, 1992.

Land certification None required.

Definite plan report None required.

Benefit cost ratio as of October 1, 1995 No benefit-cost ratio was required during authorization of the project.

Completion data West Basin Water Recycling Project - The project is scheduled for completion in 1998.

East Valley Water Reclamation Project - Phase 1 of the project is scheduled for completion in 1998. Phase 2 is scheduled to begin in FY 2000 with completion in 2002. Phase 1 completion was delayed 2 years while the City determined construction alignments and completed California regulatory requirements. Phase 2 is delayed until results from Phase 1 are available for regulatory agency usage.

Terminal Island Project - The project is scheduled for completion in 2002. This project has been added to the scope of work from that shown in FY 1995 Budget Justifications.

Summarized Financial Data

Total Federal obligations			
Reclamation	$ 68,120,000	Allotments to 9/30/94	$ 5,250,000
Other Federal	- 0 -	Allotments for FY 1995	8,250,000
Net property and other transfers			
Federal participation	- 0 -	Allotments to date	$13,500,000
Non-Federal participation 1/	204,360,000	Allotments for FY 1996	9,300,000
Adjustment			
Total to be allocated	$272,480,000	Balance to complete	$45,320,000

1/ Includes cost sharing of $150,120,000 from the West Basin Municipal Water District for the West Basin Water Recycling Project,and $54,240,000 from the City of Los Angeles for the East Valley Water Reclamation Project and Terminal Island Project.

Project Cost Allocation

Allocation	FY 1995 estimate	FY 1996 estimate
Municipal and industrial water	$252,000,000	$272,480,000

Cost allocation methodology An increase in the total project cost of $20,480,000 results primarily from the addition of the Terminal Island Project.

Project Repayment

Repaid by	Amount
Nonreimbursable 1/	$272,480,000

1/ Includes nonreimbursable costs of $68,120,000 provided by the Federal government as grants, $150,120,000 from the West Basin Municipal Water District, and $54,240,000 from the C ity of Los Angeles.

Status of repayment contract

A repayment contract will not be required. Grants were awarded to the West Basin Municipal Water District for the West Basin Water Recycling Project and the city of Los Angeles for the East Valley Water Reclamation Project. In fiscal year 1996 a grant will be awarded to the City of Los Angeles for the Terminal Island Project.

Irrigation investment per acre

Not applicable.

Status of NEPA compliance

West Basin Water Recycling Project - The Findings of No Significant Impact (FONSI) was completed in February 1994. The State of California's Environmental Quality Act (CEQA) compliance process was completed in July, 1991.

East Valley Water Reclamation Project - The FONSI was completed in November 1994. The CEQA compliance process was completed in July 1991.

Terminal Island Project - NEPA documentation is scheduled to be completed by October 1995. The CEQA compliance process is scheduled to be completed by October 1995.

Other information

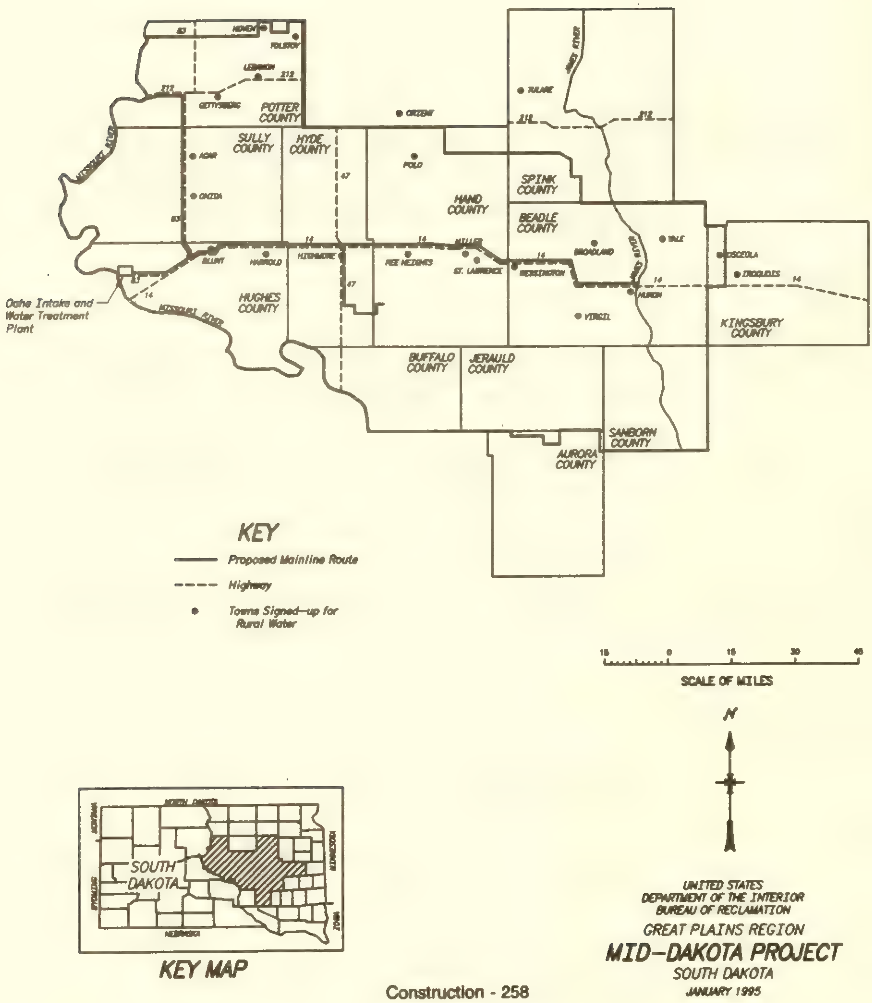
Funds were first appropriated for the project in FY 1994. Reclamation will fund 25 percent of the total project costs. Grants for two projects were awarded in FY 1994.

Appropriation ceiling

An appropriation ceiling was not included in the authorizing legislation.

Work proposed for FY 1996

West Basin - Grant work will continue on construction of the treatment plant, new distribution pipelines, extension of existing pipelines, and the desalting portion of the treatment plant. Grant administrative costs will continue.	**$ 10,070,000**
East Valley - Grant work will continue for designs and construction of the pump station and pipeline to spreading basins will begin. Grant administrative costs will continue.	**$ 6,700,000**
Terminal Island - Grant work will begin for designs and construction of treatment and distribution facilities. Grant administrative costs will continue.	**$ 500,000**
Non-Federal contributions	**$- 7,970,000**
Total request	**$ 9,300,000**


HOVEN
TOLSTOY
LEBANON
212
GETTYSBURG
POTTER COUNTY
83
ORIENT
MISSOURI RIVER
SULLY COUNTY
HYDE COUNTY
AGAR
ONIDA
POLO
47
HAND COUNTY
JAMES RIVER
TULARE
212
SPINK COUNTY
BEADLE COUNTY
14
BLUNT
HARROLD
HIGHMORE
REE HEIGHTS
MILLER
ST. LAWRENCE
WESSINGTON
BROADLAND
YALE
JAMES RIVER
HURON
VIRGIL
OSCEOLA
IROQUOIS
KINGSBURY COUNTY
Oahe Intake and Water Treatment Plant
MISSOURI RIVER
HUGHES COUNTY
BUFFALO COUNTY
JERAULD COUNTY
SANBORN COUNTY
AURORA COUNTY
KEY
Proposed Mainline Route
Highway
Towns Signed-up for Rural Water
15
0
15
30
45
SCALE OF MILES
N
NORTH DAKOTA
MONTANA
SOUTH DAKOTA
WYOMING
MINNESOTA
IOWA
NEBRASKA
KEY MAP
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
GREAT PLAINS REGION
MID-DAKOTA PROJECT
SOUTH DAKOTA
JANUARY 1995

Mid-Dakota Rural Water System

South Dakota

Location

The Mid-Dakota Rural Water System project area includes all or portions of the 10 South Dakota counties of Beadle, Buffalo, Hand, Hughes, Hyde, Jerauld, Potter, Sanborn, Spink, and Sully. The project area covers approximately 7,000 square miles of the State of South Dakota (roughly 10 percent of the total land area of the entire State). The project area extends approximately 125 miles from its western boundary along the Missouri River to its eastern boundary of the Beadle County and Kingsbury County division line. The system extends from its northern-most boundary of Potter County for a distance of approximately 80 miles to its southern-most boundary of Sanborn County.

Description

The Mid-Dakota Rural Water System will provide treated Missouri River water to rural and municipal residents in central South Dakota through a system of pumps, storage tanks, and a network of buried pipe. The project will utilize water pumped from an intake incorporated into existing Corps of Engineer facilities in the power house at Oahe Dam. The project is designed to bring a dependable supply of good-quality drinking water to more than 29,000 people and more than 600,000 head of livestock. More than 2,600 rural water users and 23 cities have paid good intention fees to be included in the system.

A wetland component is included in the project and will be funded by a Federal grant. The Federal Government will provide $2,756,000 for the initial development and enhancement and $100,000 annually for O&M of the wetland component.

Authorization

The project was authorized for construction by Congress by the Reclamation Projects Authorization and Adjustment Act of 1992 (Public Law 102-575; Title XIX).

Land certification

In accordance with the feasibility reports cited in P.L. 102-575, no water will be provided from the Mid-Dakota Rural Water System for irrigation purposes. Therefore, land certification is not required.

Definite plan report

Mid-Dakota Rural Water System was not planned as a Federal project; therefore a definite plan report was not prepared. However, P.L. 102-575 directs that the water system be planned and constructed substantially in accordance with the Feasibility study, entitled "Mid-Dakota Rural Water System Feasibility Study and Report" dated November, 1988, and revised January, 1989, and March, 1989, as supplemented by the "Supplemental Report for Mid-Dakota Rural Water System" dated March, 1990. In accordance with P.L. 102-575, "The Secretary shall not obligate funds for the construction of the Mid-Dakota Water Supply System until: (1) the requirements for the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) have been met; and (2) a final engineering report has been prepared and submitted to the Congress for a period of not less than ninety days," and (3) the Secretary finds that non-Federal entities have developed and implemented water conservation programs throughout the service area of the water system.

Mid-Dakota . . . .

Benefit cost ratio as of October 1, 1995 Direct benefits:

B/C ratio is not required under authorizing legislation P.L. 102-575.

Completion data As of June, 1994, the advanced project planning activities prerequisite to the obligation of Federal funds for construction of the water system have been completed and work is proceeding with completion of preconstruction activities and preparation of final plans and specifications. The Final Engineering Report was submitted to Congress on April 25, 1994. The development and implementation of the Water Conservation Plan was approved on May 9, 1994. NEPA compliance (EA/FONSI) was completed March 10, 1994. Construction of the Lake Intake & Pump Station, Oahe Water Treatment Plant, Highmore Water Storage Tank, Raw Water Pipeline, and the Main Transmission Pipeline to Blunt and Highmore is scheduled to begin in the fall of 1994. The project is 1 percent complete as of September 30, 1994. Project construction is scheduled to be completed in FY 2002.

Summarized Financial Data

Total Federal obligations			
Reclamation	$113,456,000	Allotments to 9/30/94	$1,499,902
Other Federal	- 0 -	Allotments for FY 1995	$3,662,000
Net property and other transfers			
Federal participation		Allotments to date	$ 5,161,902
Non-Federal participation	$ 9,300,000	Allotments for FY 1996	$ 2,500,000
Adjustments			
Total to be allocated	$122,756,000	Balance to complete	$105,794,098

The cost sharing requirements will be in accordance with Section 1903 of Public Law 102-575, which states that grants made available to Mid-Dakota Rural Water System, Inc. shall not exceed 85 percent of the amount authorized to be appropriated by Section 1991 of the title ($110,700,000 at 10/95 price levels). An additional $2,756,000 is authorized for wetlands (Section 1911 (b) as a nonreimbursable cost.)

Project Cost Allocation

Allocation	FY 1995 estimate	FY 1996 estimate
M&I Water	$120,000,000	$120,000,000
Fish and Wildlife	2,756,000	2,756,000
Total	$122,756,000	$122,756,000

Cost allocation methodology Methodology has not been modified.

Project Repayment

Repaid by	Amount
Federal Nonreimbursable 1/	$ 96,851,000
Non-Federal Contribution 2/	$ 9,300,000
Non-Federal Repayment 3/	$ 16,605,000
Total	$122,756,000

1/ The nonreimbursable amount is $94,095,000 (85 percent of the appropriation ceiling of $110.7 million) plus $2,756,000 for Wetlands Development.

2/ The State of South Dakota is contributing (grant funding) $9.3 million.

3/ This amount must be repaid by project sponsor with interest within 30 years of the date of each loan, interest is not due until construction is completed.

Status of repayment contracts

Repayment contract is expected to be signed March 1995.

Status of NEPA compliance

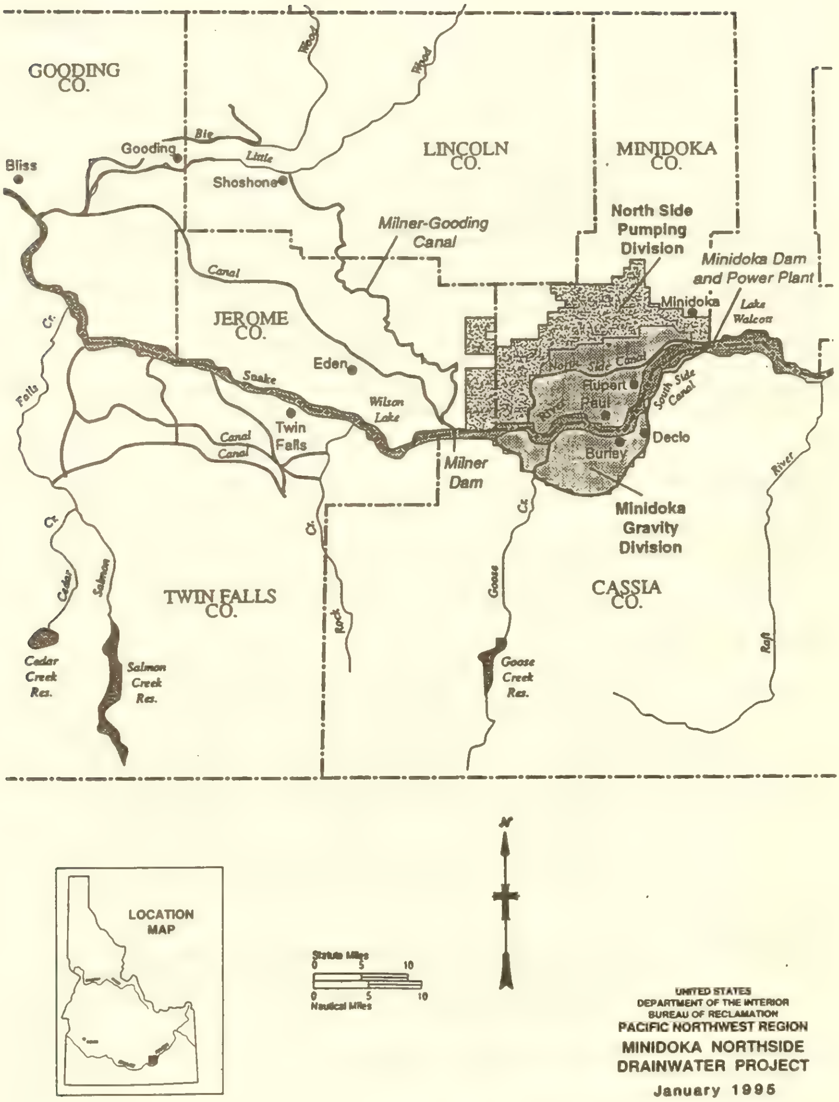
A NEPA decision document (i.e. Finding of No Significant Impacts) was completed March 10, 1994. A Fish and Wildlife Coordination Act Report was completed in conjunction with the NEPA compliance process.

Appropriation ceiling

In accordance with Section 1911 of P.L. 102-575, "There is authorized to be appropriated to the Secretary $100,000,000 for the planning and construction of the water system under Section 1903, plus such sums as are necessary to defray increases in development costs reflected in appropriate engineering cost indices after October 1, 1989, such sums to remain available until expended." The October 1989 project cost was $108,400,000 of which $8.4 million was to be contributed by the State of South Dakota (plus appropriate indexing) leaving $100 million as the Federal obligation. At October 1995 price levels, the indexed portion of the Federal ceiling is $110.7 million. Adding the nonindexed wetland component of $2,756,000 results in authorized appropriation ceiling of $113,456,000 (October 1995). This authorization is adequate to cover the project as currently proposed.

Work proposed for FY 1996

Construction of the Oahe Pump Station, Oahe Water Treatment Plant, Highmore Water Storage Tank, Raw Water Pipeline, and Main Transmission Pipeline to Blunt and Highmore and preparation of final plans and specifications for other water system facilities will continue.	**$4,350,000**
Non-Federal noncash contributions	**-1,850,000**
Total request	**$2,500,000**


GOODING CO.
Bliss
Gooding
Big
Little
Wood
Wood
Shoshone
LINCOLN CO.
MINIDOKA CO.
North Side Pumping Division
Milner-Gooding Canal
Minidoka Dam and Power Plant
Minidoka
Lake Walcott
Canal
JEROME CO.
Eden
Snake
North Side Canal
Rupert
Paul
River
South Side Canal
Falls
Cr.
Wilson Lake
Twin Falls
Canal
Canal
Declo
Burley
Milner Dam
Minidoka Gravity Division
Cr.
Cr.
Cr.
Cedar
Salmon
TWIN FALLS CO.
Rock
Goose
CASSIA CO.
River
Raft
Cedar Creek Res.
Salmon Creek Res.
Goose Creek Res.
LOCATION MAP
Statute Miles
0 5 10
0 5 10
Nautical Miles
N
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
PACIFIC NORTHWEST REGION
MINIDOKA NORTHSIDE
DRAINWATER PROJECT
January 1995

Minidoka North Side Drainwater Project

Idaho

Location	This project is located north of the Snake River in Minidoka and Jerome Counties, Idaho.
Description	Reclamation designed and constructed the North Side Pumping Division utilizing drainwells for disposal of irrigation returns and storm runoff. Major project facilities, including drainwells have been retained in Federal ownership. Project drainwater, which is discharged directly into a sole source aquifer, fails to comply with Idaho Underground Injection Control Standards for injected water. The project will protect the quality of the Snake Plain aquifer by constructing drainwater reuse facilities and wetlands for treatment and disposal of irrigation and storm runoff. Wetlands development will be contingent on findings of an ongoing demonstration/research project addressing contaminants, sedimentation, and wetland treatment issues. The project goal is to implement alternatives to the current practice of disposing agricultural drainwater and storm runoff through injection wells or implement effective means of treatment prior to injection; thereby avoiding the potential degradation of a sole source aquifer.
Authorization	Safe Drinking Water Act (Public Law 93-523, as amended), Clean Water Act (Public Law 92-500, as amended).
Land certification	Not applicable.
Definite plan report	Not required. A Framework Plan for Drainwater Management describes project-wide alternatives. Site specific plans and NEPA compliance will be accomplished during construction.
Benefit cost ratios as of October 1995	Not applicable. Action provides for environmental compliance on an existing project.
Completion data	The project is scheduled for completion in FY 2004.

Summarized Financial Data

Total Federal obligations			
Reclamation	$1,830,000	Allotments to 9/30/94	$ - 0 -
Other Federal	- 0 -	Allotment for FY 1995	- 0 -
Net property and other transfers			
Federal participation	- 0 -	Allotments to date	- 0 -
Non-Federal participation 1/	1,200,000	Allotment for FY 1996	60,000
Adjustments	- 0 -		- 0 -
Total to be allocated	$3,030,000	Balance to complete	$1,770,000

1/ Funding provided by A&B Irrigation District.

Minidoka Project . . . .

Project Cost

Allocation	FY 1995 estimate	FY 1996 estimate
Other	$ - 0 -	$3,030,000
Total	$ - 0 -	$3,030,000

Project Repayment

Repaid By	Amount
Non-Federal contributions 1/	1,200,000
Non-reimbursable 2/	1,830,000
Total	$3,030,000

1/ Funding provided by A&B Irrigation District which is 40 percent as established in Section 319 of Clean Water Act and Reclamation Guidelines (Planning Instruction No. 90-03). Non-Federal costs will be contributed as in-kind service.

2/ Federal portion of costs authorized as nonreimbursable.

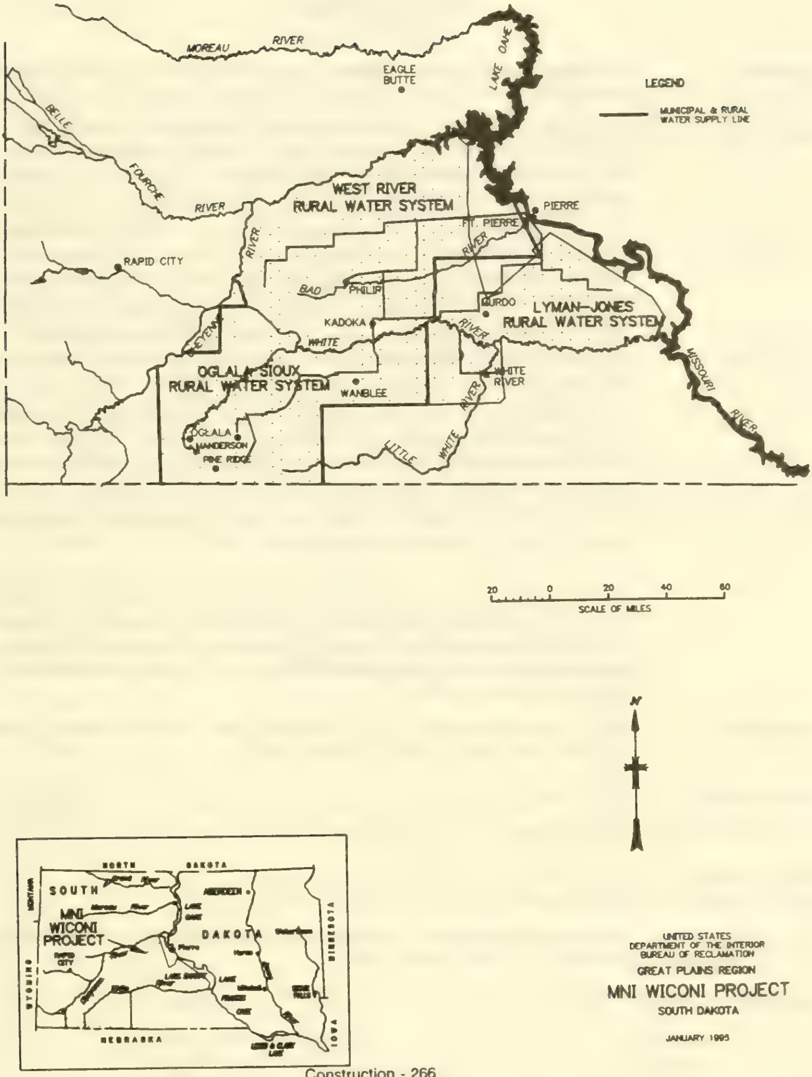
Status of repayment contracts None required.

Status of NEPA compliance Programmatic NEPA compliance was accomplished in conjunction with development of the Framework Drainwater Management Plan. Applicable site specific NEPA documentation will be completed before individual actions are undertaken.

Appropriation ceiling Not applicable.

Work proposed for FY 1996

Initiate closure of a selected group of wells.	$100,000
Total program	**$100,000**
Total nonFederal noncash contribution	**$-40,000**
Total request	**$ 60,000**



KEY MAP

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
GREAT PLAINS REGION
MNI WICONI PROJECT
SOUTH DAKOTA

JANUARY 1995

Mni Wiconi Project
South Dakota

Location The project area extends from the central part of South Dakota to near the southwest corner of the State.

Description The Secretary of the Interior was authorized and directed by P.L. 100-516 and P.L. 102-575 to plan, design, construct, operate, maintain, and replace a municipal, rural, and industrial water system generally described in a February 1988 planning report, to be known as the Oglala Sioux Rural Water Supply System. Public Law 103-434 added the Rosebud and the Lower Brule Indian Reservations to the original project, expanded the Oglala Sioux Rural Water System, and changed the Federal funding maximum to 80 percent of the total costs. In carrying out this task, the Secretary, with the concurrence of the Oglala Sioux Tribal Council, will enter into agreements with the appropriate non-Federal entity or entities for planning, designing, constructing, operating, maintaining, and replacing the Oglala Sioux Rural Water Supply System. The Secretary was also authorized to enter into cooperative agreements with appropriate non-Federal entities for the planning and construction of the West River Rural Water System and the Lyman-Jones Rural Water System. Federal funding is limited to no more than 80 percent of the total costs allocated to these two systems. The project will provide rural water for domestic and livestock uses and municipal and industrial water to the Pine Ridge, Rosebud, and Lower Brule Indian Reservations, and South Dakota Counties of Stanley, Haakon, Lyman, Jones, Jackson, Mellette, Pennington, and Shannon. The project will treat a combination of groundwater and Missouri River water from Oahe Reservoir and deliver potable water via pipelines throughout the project area. The Indian Self-Determination Act applies to planning, design, construction, and operation.

Public Law 102-575, Title X, Section 1001(1) directed the Secretary of the Interior to perform planning studies and need assessment for the Rosebud Sioux Reservation. Public Law 102-575, Title X, Section 1001(B) authorized and directed the Secretary of the Interior to construct White Clay and Wakpamni District facilities as soon as the Final Engineering Report and National Environmental Policy Act requirements for these Districts have been completed.

Authorization Public Law 100-516 (Sections 1-12), October 24, 1988. Public Law 102-575, October 30, 1992. Public Law 103-434, October 31, 1994.

Land certification None required.

Definite plan report None required.

Benefit cost ratio
as of October 1, 1995 Direct Benefits: 1/

1/ Not required under authorizing legislation P.L. 100-516, because the authorized project is not subject to Reclamation requirements.

Completion data FY 2003 1/

Mni Wiconi Project . . . .

1/ The delay of 1 year for completion from that presented in the 1995 Budget Justification is due to first year construction funding not being available until FY 1994. According to P.L. 103-434, funds may only be made available through the end of the year 2003. The project is 12 percent complete as of September 30, 1994.

Summarized Financial Data

Total Federal obligations			
Reclamation	$250,341,000	Allotments to 9/30/94	$18,744,531
Other Federal		Allotments for FY 1995	13,273,000
Recreational/FWL	- 0 -		
Net property and other transfers			
Federal participation 1/		Allotments to date	32,017,531
Non-Federal participation	12,900,000	Allotments for FY 1996	10,500,000
Adjustments 2/	4,480,000		
Total to be allocated	$267,721,000	Balance to complete	$207,823,469

1/ The cost-sharing requirements for the West River Rural Water System and the Lyman-Jones Rural Water System is 20 percent of the costs allocated to these two non-Indian systems as specified in Sec. 4(a)(3) of the Act, as amended. The cost for these two systems is currently estimated to be $44.12 million. Section 3(d) specifies that all joint costs associated with common features of the five systems be allocated to the Oglala Sioux Rural Water Supply System, which is nonreimbursable.

2/ Pick-Sloan power assigned costs.

Project Cost Allocation

Allocation	FY 1995 Estimate	FY 1996 Estimate
M&I	$131,180,000	$267,721,000
Flood Control	- 0 -	- 0 -
Total	$ 131,180,000	$267,721,000

Cost Allocation methodology

The methodology of the cost allocation has not been modified from last year. All joint costs are assigned as nonreimbursable under Section 3(d) of the Act.

The increased costs reflect revised cost estimates for the expanded project provided in the May 1993 Final Engineering Report, plus addition of Pick-Sloan power assigned costs.

Project Repayment

Repaid by	Amount
Non-Federal Cost-Share 1/	$ 12,900,000
Nonreimbursable 2/	$254,821,000
Total	$267,721,000

1/ The amount of non-Federal cost-share will be covered by cooperative agreements with non-Indian beneficiaries prior to expenditure of Federal funds. Federal contribution to the Lyman-Jones and West River Rural Water System may not exceed 80 percent of the total cost of these systems.

2/ All of the cost of the Oglala Sioux Rural Water Supply System and 80 percent of the cost of the West River and Lyman-Jones Water Supply Systems are nonreimbursable under provision of P.L. 100-516, as amended.

Status of repayment contracts	No repayment contracts are anticipated. Cooperative agreements providing for work and commitment of non-Federal funds will be executed prior to construction.
Irrigation investment per acre	Not required. The law prohibits the use of funds for irrigation purposes.
Status of NEPA compliance	NEPA decision document (FONSI) was completed in October 1993.
Other information	Public Law 103-434 amended the existing legislation to include the Rosebud and Lower Brule Indian Reservations within the Mni Wiconi Project, expanded the Oglala Sioux Rural Water Supply System, and increased the Federal share of constructing the West River and the Lyman-Jones Rural Water Systems. Funds are authorized to be appropriated through the end of the year 2003.
Appropriation ceiling	Appropriations authorized are $263,241,000 (October 1995). The comparable Federal obligation is $250,341,000 which does not exceed the appropriation ceiling. The final engineering report that shows the authorized appropriation of $263,241,000 includes the non-Federal as well as the Federal portion of the project. The current project cost estimate does not contain sufficient detail to allow indexing by the appropriate index classes.

Work proposed for FY 1996

Pine Ridge Reservation Rural Water System

Oglala Sioux Rural Water System - Design and construction activities will continue on the water supply facilities.	**$ 5,864,000**
Oglala Sioux Rural Distribution System - Design and construction activities will continue on the distribution system.	**$ 1,948,000**

Non-Indian Rural Water Systems

Lyman-Jones Rural Water System - Design and construction activities will continue on the Lyman-Jones System.	**$ 2,166,000**
West River Rural Water System - Design and construction activities will continue on the West River Rural Water System.	**$ 1,872,000**
Non-Federal contributions	**$-1,350,000**
Total request	**$10,500,000**

National Fish and Wildlife Foundation (NFWF)

Location Activities are located in 17 Western States

Description Action is needed to implement conservation and enhancement projects for fish, wildlife, and habitat associated with the Reclamation program. The NFWF was established by Congress in 1984 to support the programs of the U.S. Fish & Wildlife Service, other Interior Bureaus, and other agencies.

Using existing authorities, the Bureau has been involved with the NFWF on a limited basis since FY 1994. In FY 1996, Reclamation proposes to begin specifically programming funds to be used on cost-shared, joint projects with the NFWF. The NFWF will use these funds to leverage non-Federal cost-sharing on at least a 1:1 matching basis to provide increased funding and enable partnerships with non-Federal entities. No Federal funds will be expended without firm cost-sharing commitments from non-Federal parties.

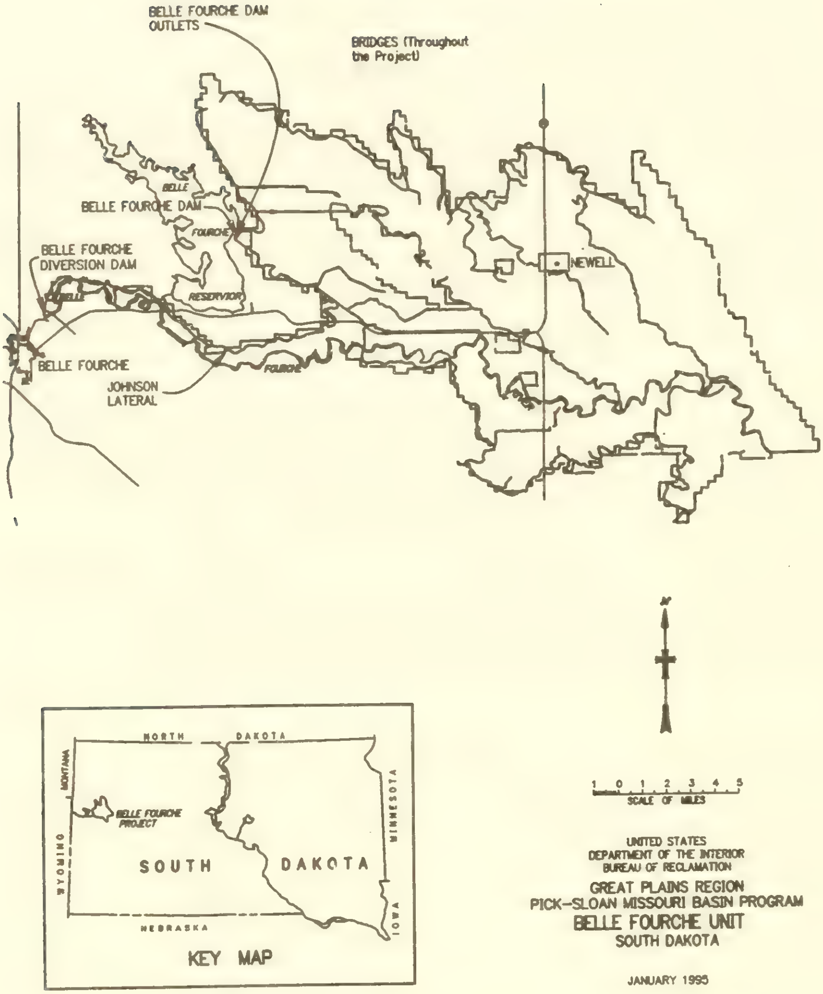
A part of Reclamation's water resource management responsibility is to conserve and enhance fish, wildlife and habitat resources associated with its programs. This program provides a way to help meet this responsibility while minimizing the cost to the Federal government. It should also be noted that no Federal funds, nor any non-Federal matching funds, can be used to fund the operations of NFWF. All operating funds are raised from private sources.

Duration Initiation: FY 1996 Completion: To continue as required

Cost Sharing Funds are available from a variety of State, local, private, and public entities on a 1:1 or greater matching basis. Funding and/or in-kind services from other Federal agencies will be provided on some projects.

Summarized Financial Data

	Total Estimated Cost	FY 1995 Allotment	FY 1996 Estimate	Balance to Complete
Reclamation	To be determined	$ - 0 -	$3,255,000	Continues
Non-Federal (cash and services)	TBD	$ - 0 -	$3,255,000 (at a minimum)	Continues



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
GREAT PLAINS REGION
PICK-SLOAN MISSOURI BASIN PROGRAM
BELLE FOURCHE UNIT
SOUTH DAKOTA

JANUARY 1995

Pick-Sloan Missouri Basin Program
Belle Fourche Unit
South Dakota

Location

The unit is located in Butte and Meade Counties of western South Dakota.

Description

Construction of the single-purpose, originally authorized project was completed in 1914. The project furnishes a full supply of irrigation water to 57,068 acres of irrigable land. The principal crops grown on the unit are alfalfa, hay, and corn. Other crops include oats, barley, and forage crops consisting of silage and grass hay. Most crops are used extensively for livestock feeding in the area. Rehabilitation and betterment construction was accomplished from 1950 to 1953. It consisted of replacement of valves in outlet works of the dam, replacement of major structures in canals and laterals, and improvement of the drainage system. Further modernization and improvement of project facilities was included in the legislation reauthorizing the general plan as a unit of the Pick-Sloan Missouri Basin Program. This reauthorized project will (1) restore the reliability of the system, (2) reduce annual operation and maintenance costs, (3) conserve irrigation water by a reduction of seepage losses and operational wastes, (4) provide measuring devices for the equitable and efficient distribution of the water supply, (5) provide safety features for the protection of human life, (6) restore design capacity to the system to avoid overloading it and thus eliminate the risk of system failure, (7) reclaim agricultural lands affected by seepage losses, and (8) ensure the continued social and economic welfare of the area.

Additional appropriation ceiling was approved under P.L 103-434 to complete work that was not accomplished under the original authorization. This work includes protection and repair of the Whitewood Siphon; reconstruction of the outlet structures at Belle Fourche Dam; lining two reaches of the South Canal; lining, structure replacement, and siphon construction on Johnson Lateral; replacement of deteriorating Reclamation bridges; and a continuation of contract support work and small lateral rehabilitation by the Belle Fourche Irrigation District.

Authorization

Public Law 98-157, November 17, 1983, as amended by P.L. 103-434, October 31, 1994.

Land certification

None required.

Definite plan report

None required. Rehabilitation and Betterment Report was completed January 10, 1981.

Benefit cost ratio as of October 1, 1995

There was no benefit-cost ratio derived for use in the reauthorization process for the Belle Fourche Unit (Public Law 98-157). Studies, completed prior to reauthorization, were for a loan under the Rehabilitation and Betterment Act (63 Stat.724 as amended and supplemented) which requires no benefit-cost ratio.

Completion data

As of September 30, 1994, the project is 73 percent complete. Federally funded work under the extended project will be completed in FY 1998. This represents a 3-year extension of the originally authorized work.

Belle Fourche Unit . . . .

Summarized Financial Data

Total Federal obligations			
Reclamation	$62,351,000	Allotments to 9/30/94	$48,010,694
Other Federal		Allotments for FY 1995	2,805,000
Recreational/FWL			
Net property and other transfers			
Federal participation 1/	8,300,963	Allotments to date	$50,815,694
Non-Federal participation	4,000,000	Allotments for FY 1996	3,802,000
Adjustments	-1,963		
Total to be allocated	$74,650,000	Balance to complete	$ 7,733,306

1/ Includes $8,141,819 for features completed under the original authorization, $130,000 for preauthorization investigations, and $29,144 for minor adjustments.

Project Cost Allocation

Allocation	FY 1995 Estimate	FY 1996 Estimate
Irrigation	$56,585,383	$71,085,383 1/
Safety of Dams	1,918,534	1,918,534
Other 2/	1,646,083	1,646,083
Total 3/	$60,150,000	$74,650,000

1/ Includes $4,733,661 from previous construction appropriations, $62,351,000 for the expanded construction program, $4,000,000 of non-Federal funding, and $722 for rounding.

2/ Includes $130,000 for preauthorization investigations, $33,783 for recreation facilities, $1,479,300 of charge-offs authorized by Congress, and $3,000 for miscellaneous costs.

3/ Increase from FY 1995 reflects funding the extended program.

Cost allocation methodology The methodology of the cost allocation has not been modified from last year.

Project Repayment

Repaid by	Amount
Irrigators 1/	$ 8,820,000
Power 2/	58,265,000
Nonreimbursable 3/	3,565,000
Non-Federal funding	4,000,000
Total	$74,650,000

1/ The amount to be repaid is covered by existing contracts with the project beneficiaries.

2/ The amount to be repaid by power is currently identified for repayment from net power revenues generated by the Pick-Sloan Missouri Basin Program power rate. The current amount reflects existing contracts with project beneficiaries for the work authorized under the Pick-Sloan Missouri Basin Program. The irrigation repayment contract will be amended to initiate repayment in 1995. The additional Federal obligation associated with the extension is beyond the current repayment ability of the project beneficiaries. This amount is added to the power component.

3/ Includes $1,918,534 allocated to safety of dams, $130,000 for preauthorization investigations, $33,783 for recreation facilities, $1,479,300 of charge-offs authorized by Congress, and $3,383 for rounding.

Status of repayment contract

Repayment Contract with Belle Fourche Irrigation District was executed on October 10, 1984, and validated November 2, 1984. The contract will be amended to agree with the amendments to P.L. 98-157.

Irrigation investment per acre

Summary of Irrigation Investment

Total irrigation investment/acre	$1,090
Repayment of irrigation investment per acre by:	
Irrigators	$ 154
Power revenues 4/	936
Payment capacity per acre and/or acre-foot 1/	
Annual charges (per acre)	$20.09
Construction 2/	4.89
Operation and maintenance 3/ 4/	15.20

1/ Payment capacity was determined in 1981 and is shown in the Report on Proposed Rehabilitation and Betterment Program, Belle Fourche Project, South Dakota, and is the basis of the current repayment contract. Payment capacity will be updated in 1995.

Belle Fourche Unit . . . .

2/ Current repayment amounts to $1.17 per acre and will continue until completion of construction. After construction is complete, repayment is estimated at $4.89 per acre.

3/ Current operation, maintenance and replacement costs as reported by the Belle Fourche Irrigation District.

4/ Change from FY 1995 Budget Justifications reflects increases due to completing the extended program.

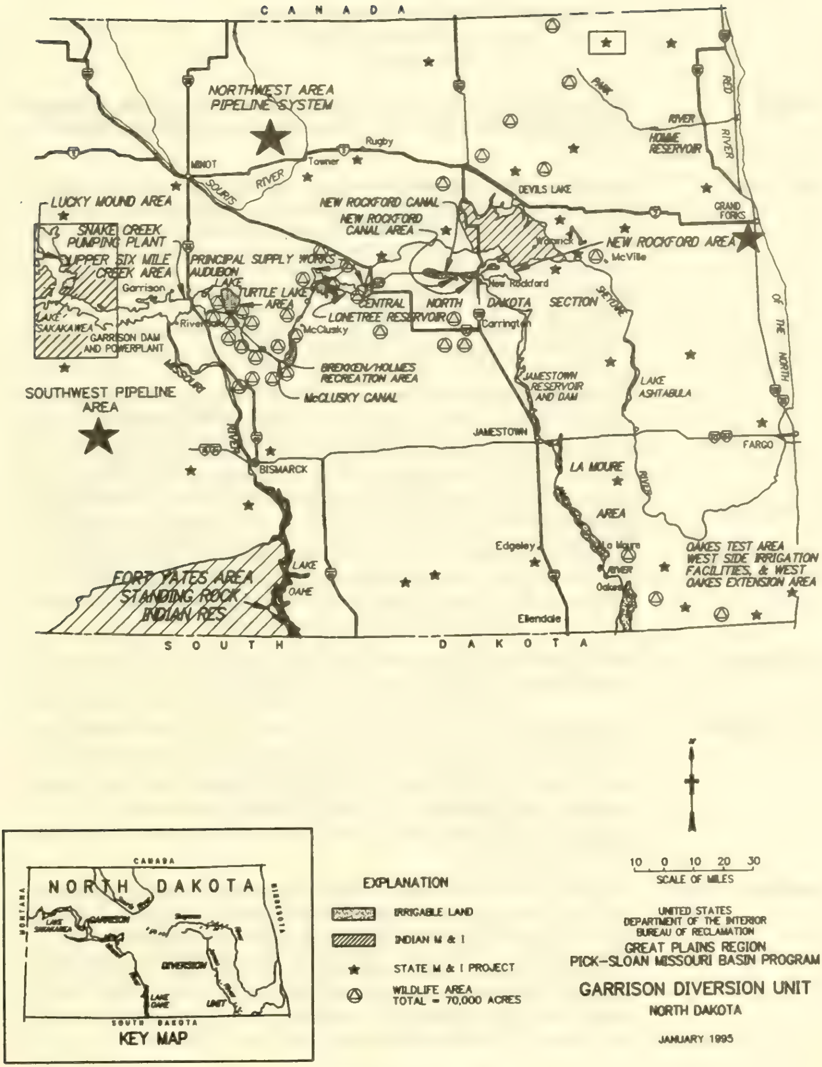
Status of NEPA compliance Finding of No Significant Impact (FONSI UM 80-103) signed June 30, 1980. NEPA compliance on the amended project will be completed in 1995.

Other Information Funds were first appropriated under the General Investigations appropriation in FY 1976 for preparation of a report to describe a rehabilitation and betterment program. This report was completed in January 1981. Funds to initiate preconstruction activities for the modernization and improvement of project facilities as a unit of the Pick-Sloan Missouri Basin Program were appropriated in FY 1985.

Appropriation ceiling Appropriations authorized are $62,351,000 (October 1995). P.L. 103-434 increased the ceiling by $10,500,000 to fund the expanded program, including work proposed in FY 1996. The comparable Federal obligation is $62,351,000. The authorized ceiling is adequate to cover this project as currently proposed.

Work proposed for FY 1996

Bridge Structures - Stages 1, 2, & 3 of the bridge replacement program will be initiated. These will be funded with non-Federal funds.	$1,000,000
South Canal - A contract for buried membrane lining will be initiated.	$ 500,000
Laterals - A contract for rehabilitating open laterals served by North Canal will be completed. Two contracts for rehabilitation of Johnson Lateral will be initiated, and small lateral construction by the Belle Fourche Irrigation District will be continued.	$ 3,066,000
Fish and Wildlife Facilities - Minor construction will continue.	$ 166,000
Water Management Plan - A plan for improved water management on the Belle Fourche Unit will be completed.	$ 70,000
Non-Federal contributions	$-1,000,000
Total request	$ 3,802,000


CANADA
NORTHWEST AREA PIPELINE SYSTEM
Rugby
Towner
MINOT
SOURIS RIVER
PARK RIVER
HOMME RESERVOIR
RED RIVER
GRAND FORKS
DEVILS LAKE
LUCKY MOUND AREA
SNAKE CREEK PUMPING PLANT
UPPER SIX MILE CREEK AREA
Garrison
LAKE SAKAKAWEA
GARRISON DAM AND POWERPLANT
Riverdale
PRINCIPAL SUPPLY WORKS
AUDUBON LAKE
TURTLE LAKE AREA
NEW ROCKFORD CANAL
NEW ROCKFORD CANAL AREA
Warwick
NEW ROCKFORD AREA
McVille
New Rockford
CENTRAL NORTH DAKOTA SECTION
LONETREE RESERVOIR
McClusky
Carrington
SHEYENNE
BREKKEN/HOLMES RECREATION AREA
McCLUSKY CANAL
SOUTHWEST PIPELINE AREA
MISSOURI RIVER
JAMESTOWN RESERVOIR AND DAM
LAKE ASHTABULA
OF THE NORTH
JAMESTOWN
FARGO
BISMARCK
LA MOURE AREA
RIVER
Edgeley
La Moure
JAMES RIVER
Oakes
LAKE OAHE
FORT YATES AREA STANDING ROCK INDIAN RES
OAKES TEST AREA WEST SIDE IRRIGATION FACILITIES, & WEST OAKES EXTENSION AREA
Ellendale
SOUTH DAKOTA
CANADA
NORTH DAKOTA
MONTANA
MINNESOTA
LAKE SAKAKAWEA
GARRISON
DIVERSION
LAKE OAHE
UNIT
SOUTH DAKOTA
KEY MAP
EXPLANATION
▨ IRRIGABLE LAND
▨ INDIAN M & I
★ STATE M & I PROJECT
△ WILDLIFE AREA TOTAL = 70,000 ACRES
10 0 10 20 30
SCALE OF MILES
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
GREAT PLAINS REGION
PICK-SLOAN MISSOURI BASIN PROGRAM
GARRISON DIVERSION UNIT
NORTH DAKOTA
JANUARY 1995

Pick-Sloan Missouri Basin Program
Garrison Diversion Unit
North Dakota

Location This unit is located in the central and eastern part of North Dakota and includes McLean, Burleigh, Sheridan, Wells, Foster, Stutsman, LaMoure, and Dickey Counties.

Description The plan as currently authorized consists of 115,740 acres of irrigated lands. This includes 85,360 acres of lands in the following irrigation areas: McClusky Canalside Irrigation (4,000), Oakes Test Area (5,000), West Side Irrigation Area (14,660), West Oakes Extension Area (4,000), LaMoure Irrigation Area (13,350), New Rockford Canal Area (1,200), New Rockford Irrigation Area (20,935), Lincoln Valley Irrigation Area (6,515), Turtle Lake Irrigation Area (13,700), and Harvey Irrigation Area (2,000). Irrigation is also included for 2,380 acres on the Standing Rock Indian Reservation and for 28,000 acres in unspecified areas but not located in the Hudson Bay, Devils Lake, or James River drainage.

The plan is multipurpose and would provide municipal, rural, and industrial water service to as many as 130 towns and service areas throughout North Dakota and three Indian Reservations, including delivery of 100 cubic feet per second (cfs) of water to the Cities of Fargo and Grand Forks and surrounding areas on the Sheyenne River. Water delivered into the Hudson Bay drainage would be treated to avoid biota transfer to Canada. Recreation facilities are planned in 11 counties throughout North Dakota. A wildlife mitigation and enhancement plan, a wetland trust, and mitigation of project environmental impacts based on an acre-for-acre with ecological equivalency basis are to be done concurrent with project construction. Flood control facilities are also provided. Concurrence of mitigation for wildlife impacts resulting from project construction to date was achieved in FY 1991.

Authorization Public Law 89-108, August 5, 1965; Public Law 98-360, July 16, 1984; Public Law 99-294, May 12, 1986; Public Law 102-575, October 20, 1992.

Land certification Lands included in the 250,000-acre plan were certified for gravity irrigation in March 1966. Recertification is required on those lands that are a part of the 115,740-acre plan because of the change from gravity to sprinkler irrigation. The 5,000 acres for the Oakes Test Area were recertified in April 1981. Further progress on land certification is on hold as a result of the Secretary's October 1990 Task Group Report, except for the 2,380 acres on the Standing Rock Indian Reservation.

Definite plan report The Definite Plan Report for the 250,000-acre plan was approved February 21, 1966. The Garrison Diversion Unit Commission proposed an alternate plan which includes 130,940 acres of irrigation in its report dated December 20, 1984. Public Law 99-294 reformulated the project substantially in accordance with the Commission's report. Public Law 102-575 eliminated 15,200 acres of irrigation at Fort Berthold making the new total irrigation 115,740 acres. The Definite Plan Report Supplement is not required since the authorized project plan is defined in Public Law 99-294 and Public Law 102-575.

Garrison Diversion Unit . . . .

Benefit cost ratio
as of October 1, 1995 Direct Benefits: 0.7

Completion data As of September 30, 1994, the project is 44 percent complete. The completion date for the entire unit has not been identified, in part because the appropriation ceiling is not sufficient as authorized.

Summarized Financial Data

Total Federal obligations			
Reclamation	$1,483,255,000	Allotments to 9/30/94	$517,833,198
Other Federal	- 0 -	Allotments for FY 1995	29,293,000
Net property and other transfers			
Federal participation	28,922,714	Allotments to date	547,126,198
Non-Federal part. 1/	74,927,966	Allotments for FY 1996	24,900,000
Adjustments 2/	89,731,320		
Total to be allocated	$1,676,837,000	Balance to complete	$911,228,802

1/ Includes municipal, rural, and industrial water supply ($66,670,000); non-Federal recreation cost sharing ($6,850,000); funds advanced by the Garrison Diversion Conservancy District ($207,966); and Wetlands Trust ($1,200,000).

2/ Includes assigned costs of Pick-Sloan Missouri Basin Program power and mainstem storage of $57,821,000; reimbursable interest during construction for municipal, rural, and industrial water supply of $27,223,000; highway improvement costs of $4,650,000; Jamestown power assignment of $37,000; and $320 for cumulative rounding, adjustments, and allocations.

Project Cost Allocation 1/

Allocation	FY 1995 estimate	FY 1996 estimate
Irrigation		$ 689,816,000
Power		37,000
M&I water		774,275,000
Recreation		18,908,000
Fish and wildlife		96,519,000
Flood control		38,550,000
Highway improvement		4,650,000
Other:		
Cultural resources		3,220,000
Wetlands trust		13,201,000
James River completion study		13,582,000
Subtotal, other		30,003,000
Excess capacity		24,079,000
Total	$1,645,515,000	$1,676,837,000

1/ The revised allocation has no basis of comparison to fiscal 1995 since the methodology was unsettled at that time.

Public Law 102-575 allows indexing of the Indian municipal, rural, and industrial facilities for an increase of costs of $3.87 million.

Cost allocation methodology

The current allocation is the result of accepting Interior's Inspector General recommendation on the calculation of excess capacity and other recommended changes. For this allocation that means that only the incremental or marginal costs of unused capacity are excluded. All other costs, including $53,153,000 in sunk costs of unused facilities, are allocated as part of the remaining joint costs to the remaining functions. After the first stage allocation to excess capacity, the allocation follows the separable cost-remaining benefit method.

Project Repayment 1/

Repaid by	FY 1995 estimate	FY 1996 estimate
Irrigators 1/		$674,350,034
Power 1/		37,000
M&I water		441,885,000
Non-Federal contribution		74,927,966
Indian-deferred		15,258,000
Nonreimbursable 2/		470,379,000
Total	$1,645,515,000	$1,676,837,000

1/ The estimated operation, maintenance and replacement costs allocated to non-Indian irrigation exceed currently estimated payment capacity by $23 per acre. This makes this portion of the project financially infeasible as currently formulated. Legislation may be required to determine the repayment obligations. The non-Indian irrigation is not being pursued, in accordance with the Secretary's task group report of October 1990. The repayment of the investment in the Indian portion of the project, 2,380 acres on the Standing Rock Indian Reservation, is deferred indefinitely under the Leavitt Act.

2/ Includes Indian MR&I ($25,220,000); Sheyenne River Release ($40,500,000); MR&I Grant Program ($200,000,000); Flood Control($38,550,000); Recreation ($12,058,000); Highway Improvement ($4,650,000); Fish & Wildlife ($96,519,000); Cultural Resources ($3,220,000); Wetlands Trust ($12,001,000); James River Completion Study ($13,582,000) and Excess Capacity ($24,079,000).

Status of repayment contracts

Execution of the master contract with Garrison Diversion Conservancy District and three-way contracts between Reclamation, Conservancy District, and Irrigation Districts, containing approximately 113,000 acres of irrigable land, was completed March 16, 1966. Court validation was completed July 26, 1966, and confirmed August 10, 1966. Renegotiation to conform to the reformulation legislation must occur prior to construction activity in irrigation areas. Cooperative Agreement for municipal, rural, and industrial water was executed November 19, 1986. Grant Agreement for North Dakota Wetlands Trust was executed on December 18, 1986. A supplementary agreement for the State cost-share was executed on February 14, 1991, as required by the 1986 Garrison Diversion Unit Reformulation Act. A renegotiated repayment contract with Garrison Diversion Conservancy District has not been completed. Renegotiation of a repayment contract was deferred as a result of recommendations in the Secretary's 1990 Working Group report.

Irrigation investment per acre

Summary of Irrigation Investment 1/

	FY 1996 Estimate
Total irrigation investment/acre	$5,960
Repayment of irrigation investment per acre by	
Irrigators	NA
Power revenues	NA
M&I users	NA
Contributions	2
Indian irrigation (deferred)	NA
Payment capacity per acre and/or acre-foot	$32.01
Annual charges (per acre)	
Construction	NA
Operation and Maintenance	$55.22

1/ The annual operation and maintenance cost exceeds payment capacity under the current allocation. Financial feasibility question resulted in recommendation by Secretary's Task Group that irrigation function not be pursued at this time.

Status of NEPA compliance

Projectwide final environmental statement on the 250,000-acre plan was filed with the Council on Environmental Quality January 10, 1974. Supplemental Fish and Wildlife filed with Council on Environmental Quality on May 3, 1974. Final comprehensive supplemental to Final Environmental Statement filed with Environmental Protection Agency on March 7, 1979. The Final Supplemental Environmental Statement on features for initial development of 85,000 acres on the 250,000-acre plan was filed with the Environmental Protection Agency on July 15, 1983.

A draft environmental statement addressing the Garrison Commission recommendations was filed with the Environmental Protection Agency on March 6, 1986. A draft supplement to the Draft Environmental Statement was filed with EPA on December 30, 1986. The reformulated project Final Environmental Statement will not be pursued further due to deferral of work associated with non-Indian irrigation. In the interim, all project activities will comply with NEPA requirements as necessary.

Other information

THE COMMISSION PLAN AS MODIFIED: The Garrison Diversion Unit Commission was appointed by the Secretary in accordance with Title II, Section 207, of Public Law 98-360. The Commission was established to examine the contemporary water needs of North Dakota and propose development alternatives which would lead to early resolution of problems identified with the previously authorized 250,000-acre plan. The Commission submitted conclusions and recommendations to the Secretary in their final report dated December 20, 1984. The Garrison Diversion Unit Reformulation Act of 1986 amends selected portions of the 1965 Garrison Reauthorization Act and authorizes construction of the project substantially in accordance with the Commission recommendations. The Reformulation Act also provides for the following: specific deauthorization of 922,910 acres of previously authorized irrigation; utilizing the State Municipal, Rural, and Industrial proposal which includes up to $200 million in Federal grant funds; sizing certain main supply works to only that capacity necessary to service the authorized project; retaining the status of Sheyenne Lake National Wildlife Refuge unless at some future time the Lonetree Dam and Reservoir is deemed to be necessary and built; eliminating funding constraints on mitigation; eliminating mitigation credit for reservoir sites; requiring purchase of up to 5,000 acres in the Kraft and Pickell Slough areas; requiring special studies on the James River drainage basin with a report to Congress by September 1989; prohibiting construction in irrigation areas until after September 1990; substituting 28,000 acres of undefined irrigation acres and transferring 4,000 irrigation acres to the West Oakes Extension Area to replace 32,000 acres previously specified in the New Rockford Extension Area; requiring a 10 percent surplus crop production charge for growing basic agricultural commodities on project lands; limiting the authorized ceiling and omitting indexing of costs; and establishing a wildlife trust fund involving both Federal and State funding. Details of the Reformulation Act of 1986 are contained in House Report 99-525 dated April 9, 1986.

PRESIDENTIAL POLICY AND DIRECTION: In 1990, a Secretarial task group was established to formulate a program for the Garrison Diversion Unit that was consistent with Presidential policy and direction. The findings of the group were cited by the President in the signing statement for the FY 1991 Energy and Water Development Appropriation Act. The President stated that the Administration would consider funding for certain project features (primarily non-irrigation) as recommended by the task group. The findings of the group were presented to representatives of the State of North Dakota, and the congressional delegation at a meeting in Washington, D.C. on December 12, 1990. Further written documentation was presented to the State by the Secretary of the Interior. The program is formulated to be consistent with the recommendations of the task group. Supported features generally include the State and Indian municipal, rural, and industrial water supply program; irrigation development on three Indian Reservations; continued operation of the Oakes Test Area research activities; recreational and fish and wildlife mitigation and enhancement initiatives; and a minimum level of operation and maintenance of completed facilities. The report also recommended that funding for completion of non-Indian project irrigation facilities and for related principal supply works not be considered.

CANADIAN CONCERNS: The Canadian Government's support for the reformulated project was indicated by Diplomatic Note No. 201 dated March 26, 1985, and in letters commenting on the 1986 draft environmental statement (letters dated April 29, 1986, from Saskatchewan Premier Grant Devine and April 24, 1986, from Manitoba Minister of Natural Resources Leonard E. Harapiak). Canadian Diplomatic Note No. 177, dated July 2, 1987, transmitted technical comments on the final supplement to the environmental statement and stressed two items. First, Canada is concerned that this supplement does not address adequately many of Canadian concerns about biota transfers from the Missouri River to the Hudson Bay drainage; and second, Canada proposes a joint consultative group meeting to discuss this and other concerns. Reclamation responded to the technical comments and, with Canada, resumed meetings of the United States and Canadian Joint Consultative Group and the Garrison Joint Technical Committee. The Garrison Joint Technical Committee met in mid-January 1990 in Winnipeg, Manitoba, to discuss mutual concerns of the United States and Canada. Such concerns include location of Sykeston Canal; irrigation in several of the irrigation areas including Lincoln Valley, Harvey Pumping, and New Rockford; the Robinson Coulee diversion proposal; the operation of the Sheyenne River Water Treatment Facility; the Devils Lake Basin; municipal and industrial systems which convey Missouri River water into the Hudson Bay drainage; and the Coal Mine Lake fishery. The Garrison Joint Technical Committee established an Engineering Task Force and a Biological Task Force to address these and other United States and Canadian concerns.

The Engineering and Biological Task Force reports were completed in July and September 1990, respectively. The Joint Technical Committee Report was presented to the Consultative Group December 13, 1990, and was accepted by that group. The primary issue considered by the Joint Technical Committee was the connection between the McClusky and New Rockford Canals. The Joint Technical Committee concluded that there were three options which are potentially acceptable from the standpoint of risk to Canadian waters. The Consultative Group concluded that from a technical standpoint, any one of three options could be constructed without significant risk to water flowing into Canada, but that each one should be subject to further public review to ensure public acceptability before the final selection.

COLLABORATIVE PROCESS: In December 1993, the Commissioner of the Bureau of Reclamation agreed that Reclamation would assist in facilitating a process with the purpose of discussing the possible further reformulation of the Garrison Diversion Unit. The result of this agreement is the North Dakota Water Management Collaborative Process (Collaborative Process). An Executive Steering Committee (ESC) consisting of a representative of the Governor of North Dakota, a representative of each member of North Dakota's Congressional delegation, a representative from each of North Dakota's Indian Tribes, and a representative of the National Wildlife Federation was established. The ESC first met on February 14, 1994. Subsequent meetings have been held. A primary goal is to build a diversified and sustainable rural economy while preserving and enhancing the natural ecology.

Garrison Diversion Unit . . . .

Appropriation ceiling Appropriations authorized are $628,350,000. The comparable Federal obligation is $1,483,255,000, which exceeds the appropriation ceiling by more than the amount of contingencies included in the obligation. House Report 99-525, which supports Public Law 99-294 states:

"The Committee notes that these funds would provide sufficient authorization for the construction of all the supply works and only $100 million of the total $322 million required to complete construction of the irrigation service facilities. This will mean that an increase in authorizations will be required in order to complete the irrigation service areas, as authorized by H.R. 1116. The Committee believes this is the best way to ensure oversight of the construction progress on the project. In addition, the Committee would note that the authorization of appropriation figures are not indexed to increase with inflation. The authorization of appropriations are not indexed in order to force additional enactment of authorizations at some future date. This will ensure the proper oversight and involvement of the authorizing committees."

Work proposed for FY 1996

SUPPLY SYSTEM

Snake Creek Pumping Plant - Minimum operation and maintenance of completed facilities. $ 200,000

McClusky Canal - Minimum operation and maintenance will continue as required to maintain freshening flows for Audubon Lake and adjoining lakes and wildlife areas. $1,500,000

New Rockford Canal - Minimum operation and maintenance of completed facilities will continue. $ 350,000

IRRIGATION FACILITIES - NON-INDIAN

Oakes Test Area - Minimum maintenance of physical facilities. $ 450,000

IRRIGATION FACILITIES - INDIAN

Standing Rock - Minor contracts for irrigation development on the Standing Rock Reservation will be awarded. $ 2,671,000

DOMESTIC AND RURAL WATER

Municipal, Rural, & Industrial Systems - Oversight of preconstruction and construction activities on approved State municipal, rural, and industrial system projects will continue. $14,727,000

TRUST FUNDS - FEDERAL

Wetlands Trust Fund - FY 1996 will be the final year for Federal contribution to the Wetlands Trust Fund for a maximum Federal contribution of $12.0 million. $ 287,000

GENERAL FACILITIES

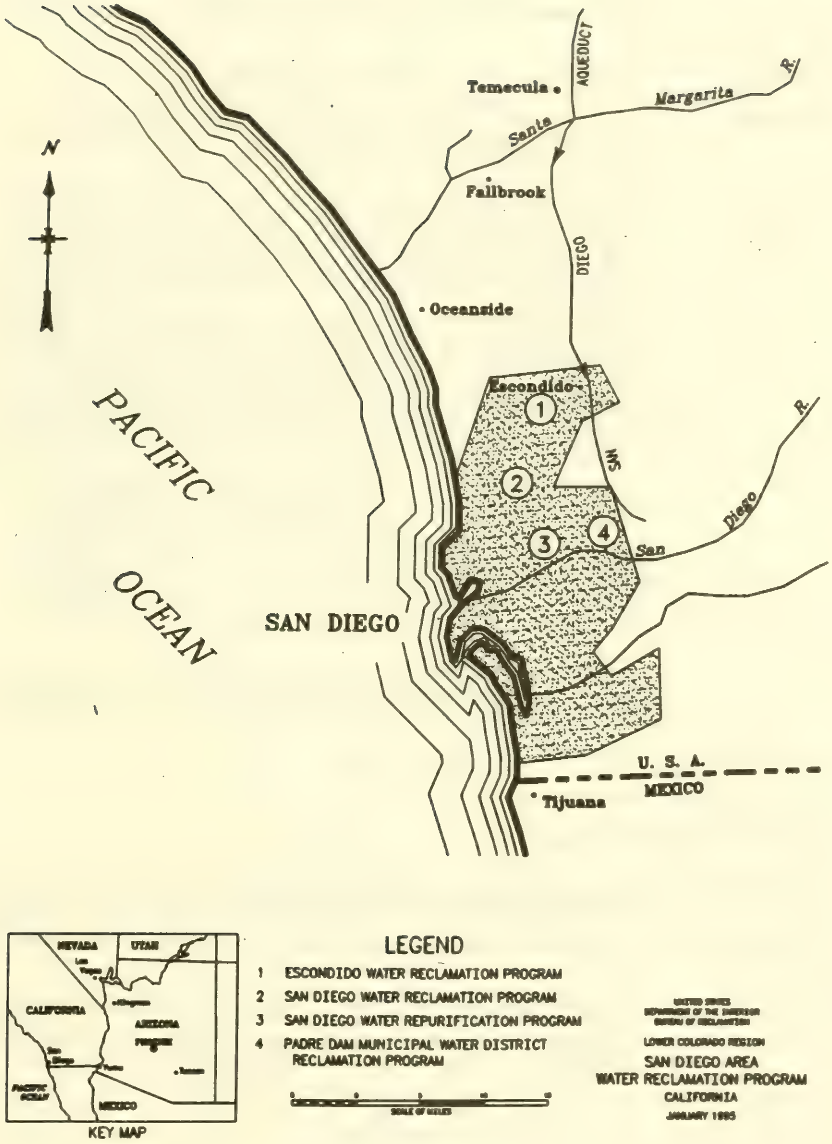
Permanent Operating Facilities - Activities related to the project will continue.
$ 270,000

Fish and Wildlife Mitigation and Enhancement - Land acquisition and mitigation development will continue at the Audubon and Arrowwood Refuges, the Kraft Slough, and mitigation development will continue at the Lonetree Development Area. Contracts will be awarded for relocations and damsite restoration at Lonetree Dam. $ 7,895,000

Recreation Facilities - Construction of recreation facilities will continue at Sheyenne Grasslands, Devils Lake-Grahams Island, and other areas.
$ 200,000

Non-Federal Participation - State of North Dakota contributions to municipal and industrial, Wetland Trust Fund, and recreation program - $3,475,000; $75,000; and $100,000 respectively. $-3,650,000

Total request $24,900,000



LEGEND

1 ESCONDIDO WATER RECLAMATION PROGRAM
2 SAN DIEGO WATER RECLAMATION PROGRAM
3 SAN DIEGO WATER REPURIFICATION PROGRAM
4 PADRE DAM MUNICIPAL WATER DISTRICT RECLAMATION PROGRAM

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

LOWER COLORADO REGION

SAN DIEGO AREA
WATER RECLAMATION PROGRAM
CALIFORNIA

JANUARY 1995

San Diego Area Water Reclamation Program
California

Location This project is located in San Diego County, California.

Description This project consists of four units: Escondido Water Reclamation Project, San Diego Water Reclamation Project, San Diego Water Repurification Project, and Padre Dam Municipal Water District Reclamation Program.

The Escondido Water Reclamation Project is being implemented by the City of Escondido to upgrade its Hale Avenue Treatment Plant from secondary treatment to tertiary treatment. A distribution system that will put the reclaimed water to beneficial use for nonpotable purposes is also being constructed. When completed, the project will deliver 11,500 acre-feet of reclaimed water annually.

The San Diego Water Reclamation Project is a water reclamation program that is being implemented by the City of San Diego. It includes the construction of four new wastewater treatment plants, and expansion of an existing plant, along with a distribution system. Reclamation funding would only be used for project components that would make the effluent from the treatment plants reusable. Total system capacity upon completion will be approximately 29,100 acre-feet of reclaimed water per year.

The San Diego Water Repurification Project is being studied by the City of San Diego and the San Diego County Water Authority. They have proposed a concept referred to as a repurification program which would have the effect of indirectly using reclaimed water for potable purposes: The project is dependent on the approval of the California Department of Health Services. Although the proposal seems workable and the industry supports the concept, the Department of Health Services must establish guidelines for its implementation even as a demonstration.

The Padre Dam Municipal Water District Reclamation Program will upgrade and expand an existing water treatment plant and construct a distribution system that will deliver 2,000 acre-feet of reclaimed water annually.

Authorization Public Law 102-575, October 30, 1992.

Land certification None required.

Definite plan report None required.

Benefit cost ratio as of October 1, 1995 No benefit-cost ratio was required during authorization of the project.

Completion data San Diego Water Reclamation Project - The project is scheduled for completion in 2007.

Escondido Water Reclamation Project - The project will be complete in 2000.

San Diego Water Repurification Project - The project is scheduled for completion in 2000.

Padre Dam Municipal Water District Reclamation Program - The project is scheduled for completion in 1999.

Summarized Financial Data

Total Federal obligations			
Reclamation	$172,590,000	Allotments to 9/30/94	$ - 0 -
Other Federal		Allotments for FY 1995	2,500,000
Net property and other transfers			
Federal participation	- 0 -	Allotments to date	$ 2,500,000
Non-Federal participation 1/	517,770,000	Allotments for FY 1996	2,340,000
Adjustment			
Total to be allocated	$690,360,000	Balance to complete	$167,750,000

1/ Includes cost sharing of $325,710,000 from the City of San Diego for the San Diego Water Reclamation Project; $90,090,000 from the City of Escondido for the Escondido Water Reclamation Project; $83,310,000 from the City of San Diego and/or San Diego County Water Authority for the San Diego Water Repurification Project; and $18,660,000 from Padre Dam Municipal Water District for the Padre Dam Municipal Water District Reclamation Program.

Project Cost Allocation

Allocation	FY 1995 Estimate	FY 1996 Estimate
Municipal and industrial water	$ - 0 -	$690,360,000

Cost allocation methodology This program was not included in the FY 1995 justifications.

Project Repayment

Repaid by	Amount
Nonreimbursable 1/	$690,360,000

1/ Includes nonreimbursable costs of $172,590,000 provided by the Federal government as grants, $325,710,000 from the City of San Diego, $90,090,000 from the City of Escondido, $83,310,000 from the City of San Diego and/or San Diego County Water Authority, and $18,660,000 from the Padre Dam Municipal Water District.

Status of repayment contract A repayment contract will not be required. Grants will be awarded in fiscal year 1995 to the City of San Diego for the San Diego Water Reclamation Project and the City of Escondido for the Escondido Water Reclamation Project. In 1997 grants will be awarded to the City of San Diego and/or the San Diego County Water Authority for the San Diego Water Repurification Project, and Padre Dam

Municipal Water District for the Padre Dam Municipal Water District Reclamation Program.

Irrigation investment per acre

Not applicable.

Status of NEPA compliance

San Diego Water Reclamation Project - NEPA compliance for construction activities is scheduled to be completed by September 1995. The State of California's Environmental Quality Act (CEQA) compliance process is scheduled to be complete by September 1995.

Escondido Water Reclamation Project - NEPA compliance is scheduled to be completed by March 1995. The CEQA compliance processes were completed in December 1991 for the water treatment plant modifications and July 1992 for the distribution system.

San Diego Water Repurification Project - There currently is no schedule for NEPA or CEQA compliance at this time since the feasibility has not been confirmed. Approval of the California Department of Health Services needs to be obtained prior to proceeding with this project.

Padre Dam Municipal Water District Reclamation Program - NEPA compliance is scheduled to be completed by October 1996. The CEQA compliance process is scheduled for completion by October 1996.

Other information

Reclamation will fund 25 percent of the total project costs.

Appropriation ceiling

An appropriation ceiling was not included in the authorizing legislation.

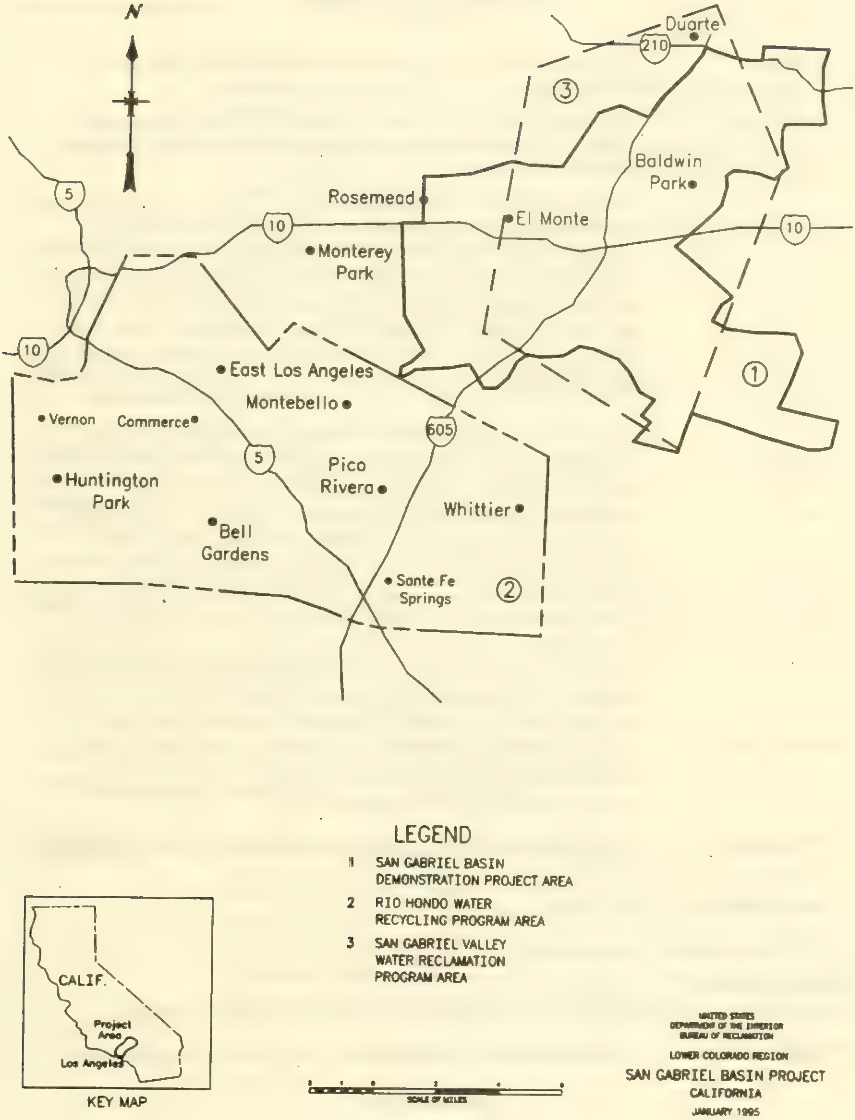
Work proposed for FY 1996

San Diego Water Reclamation Project - Construction, which began in 1993, will continue on the North City Water Treatment Plant and the distribution system. Grant administrative costs will continue. **$ 45,640,000**

Escondido Water Reclamation Project - Construction, which began in 1994, will continue on the Hale Avenue Treatment Plant and the distribution system. Grant administrative costs will continue.

$ 17,750,000

Non-Federal contributions	**$-61,050,000**
Total request	**$ 2,340,000**



LEGEND

1 SAN GABRIEL BASIN DEMONSTRATION PROJECT AREA

2 RIO HONDO WATER RECYCLING PROGRAM AREA

3 SAN GABRIEL VALLEY WATER RECLAMATION PROGRAM AREA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

LOWER COLORADO REGION

SAN GABRIEL BASIN PROJECT
CALIFORNIA

JANUARY 1995

San Gabriel Basin Project

California

Location This project is located in the San Gabriel Valley of Los Angeles County, California.

Description This project consists of three units: the San Gabriel Basin Demonstration Project, Rio Hondo Water Recycling Program, and San Gabriel Valley Water Reclamation Program.

The San Gabriel Basin Demonstration Project is a conjunctive use project that extracts groundwater from the Baldwin Park Operating Unit (which is an Environmental Protection Agency superfund site), treats the water to remove the volatile organic compounds, and then delivers the effluent to water districts for distribution and/or groundwater recharge. The components of the project are a well system, conveyance and pumping systems for both influent and effluent, and treatment facilities. Extraction, treatment, and distribution of San Gabriel Basin groundwater will improve the Basin's groundwater quality, increase storage capacity, and expand the Basin's use for regional benefits. The project will pump, treat, and distribute approximately 30,000 acre-feet per year.

The purpose of the Rio Hondo Water Recycling Program is to distribute 10,000 acre-feet of reclaimed water from the San Jose Creek Water Reclamation Plant for landscape irrigation and industrial process water. This use of recycled water will replace the need for a like amount of potable water, thereby lessening the demand on both imported and groundwater resources. By reducing the need for groundwater pumping, this program will assist in the prevention of further migration of contamination from the San Gabriel plume and wastewater discharges to the ocean will be decreased. Components of the program are construction of a main pump station, a booster pump station, reservoir storage facilities (10 million gallons), and approximately 40 miles of pipeline.

The San Gabriel Valley Water Reclamation Program utilizes up to 25,000 acre-feet of reclaimed water from the San Jose Creek Water Reclamation Plant to recharge the San Gabriel Valley groundwater basin in order to replace and/or supplement water currently being imported and recharged at the Santa Fe Spreading Grounds. There will be no net change in the amount of water currently being recharged as a result of implementation of this program. Additional facilities will annually allow 6,200 acre-feet of reclaimed water to be used for landscape irrigation and industrial use.

Authorization Public Law 102-575, October 30, 1992, and Public Law 103-126, dated October 28, 1993.

Land certification None required.

Definite plan report None required.

Benefit cost ratio as of October 1, 1995 No benefit-cost ratio was required during authorization of the project.

Completion data San Gabriel Basin Demonstration Project - The construction of this project is scheduled for completion in 1997. Phase II has been deleted due to project reformulation from that shown in the FY 1995 Budget Justifications.

Rio Hondo Water Recycling Program - The program is scheduled to be complete in 1997. Program completion delayed 1 year from that shown in the FY 1995 Budget Justifications.

San Gabriel Valley Water Reclamation Program - The project is scheduled for completion in 1997.

Summarized Financial Data

Total Federal obligations			
Reclamation	$ 38,090,000	Allotments to 9/30/94	$ 5,000,000
Other Federal		Allotments for FY 1995	5,000,000
Net property and other transfers			
Federal participation	- 0 -	Allotments to date	$ 10,000,000
Non-Federal participation 1/	114,270,000	Allotments for FY 1996	9,750,000
Adjustment			
Total to be allocated	$152,360,000	Balance to complete	$ 18,340,000

1/ Includes cost sharing of $43,590,000 from the Metropolitan Water District of Southern California, the San Gabriel Basin Water Quality Authority, and/or other entities for the San Gabriel Basin Demonstration Project; $48,090,000 from the Central Basin Municipal Water District for the Rio Hondo Water Recycling Program; and $22,590,000 from the Upper San Gabriel Valley Municipal Water District for the San Gabriel Valley Water Reclamation Program.

Project Cost Allocation

Allocation	FY 1995 Estimate	FY 1996 Estimate
Municipal and industrial water	$ 475,000,000	$ 152,360,000

Cost allocation methodology

There is a net decrease in the total costs of the project of $322,640,000. A decrease in the total project cost of $341,640,000 is due to the reformulation of the San Gabriel Basin Demonstration Project, including deletion of phase II. An increase in total cost of $19,000,000 results from revised project costs for the Rio Hondo Water Recycling Program. The increase is the result of an addition of facilities to serve users that were recently identified in the Commerce unit for a total of $15 million. Additional engineering refinements and revised estimates for current prices resulted in an increase of $4 million.

Project Repayment

Repaid by	Amount
Nonreimbursable 1/	$152,360,000

1/ Includes nonreimbursable costs of $38,090,000 provided by the Federal government as grants, $43,590,000 from the Metropolitan Water District, the San Gabriel Basin Water Quality Authority and/or other entities, $48,090,000 from the Central Basin Municipal Water District, and $22,590,000 from the Upper San Gabriel Valley Municipal Water District.

Status of repayment contract Repayment contracts will not be required. A grant for preconstruction activities for the San Gabriel Basin Demonstration Project was awarded in September 1994. A grant for preconstruction activities for the San Gabriel Water Reclamation Project was awarded in August 1994. Central Basin Municipal Water District was awarded a grant for the Rio Hondo Water Recycling Program in June 1994. Grants are scheduled for award to the Metropolitan Water District of Southern California and/or the San Gabriel Basin Water Quality Authority for construction of the San Gabriel Basin Demonstration Project in fiscal year 1995 and the Upper San Gabriel Valley Municipal Water District for the construction of the San Gabriel Valley Water Reclamation Program in FY 1995.

Irrigation investment per acre Not applicable.

Status of NEPA compliance San Gabriel Basin Demonstration Project - A categorical exclusion for preconstruction activities was completed in September 1994. NEPA compliance is scheduled to be completed in September 1995. The State of California's Environmental Quality Act (CEQA) compliance process is scheduled to be completed in September 1995.

Rio Hondo Water Recycling Program - Findings of No Significant Impact (FONSI) was completed in June 1994. The CEQA compliance process has been completed.

San Gabriel Valley Water Reclamation Program - A categorical exclusion for preconstruction activities was completed in April 1994. NEPA compliance for the actual construction is scheduled to be completed in September 1995, provided that an Environmental Impact Statement (EIS) is not required. The CEQA compliance process was completed in August 1994.

Other Information Reclamation will fund 25 percent of the total project costs. Funds were first appropriated for the project in FY 1994.

Due to the involvement of the Potentially Responsible Parties under the Superfund process, the final details and associated costs of the San Gabriel

Basin Demonstration Project have not been determined and are still being discussed. The U.S. Environmental Protection Agency has recently named sixteen companies it considers responsible for cleanup, and a cost-sharing agreement is being negotiated.

The Miller Brewing Company, which owns a major brewery located near the Santa Fe Spreading Grounds, has filed two lawsuits challenging the San Gabriel Valley Water Reclamation Program, claiming the project endangers public health. Miller is suing the Upper San Gabriel Valley Municipal Water District, and if successful, will stop the project. Reclamation is not involved in the litigation. Court hearings are scheduled in 1995.

Appropriation ceiling An appropriation ceiling was not included in the authorizing legislation.

Work proposed for FY 1996

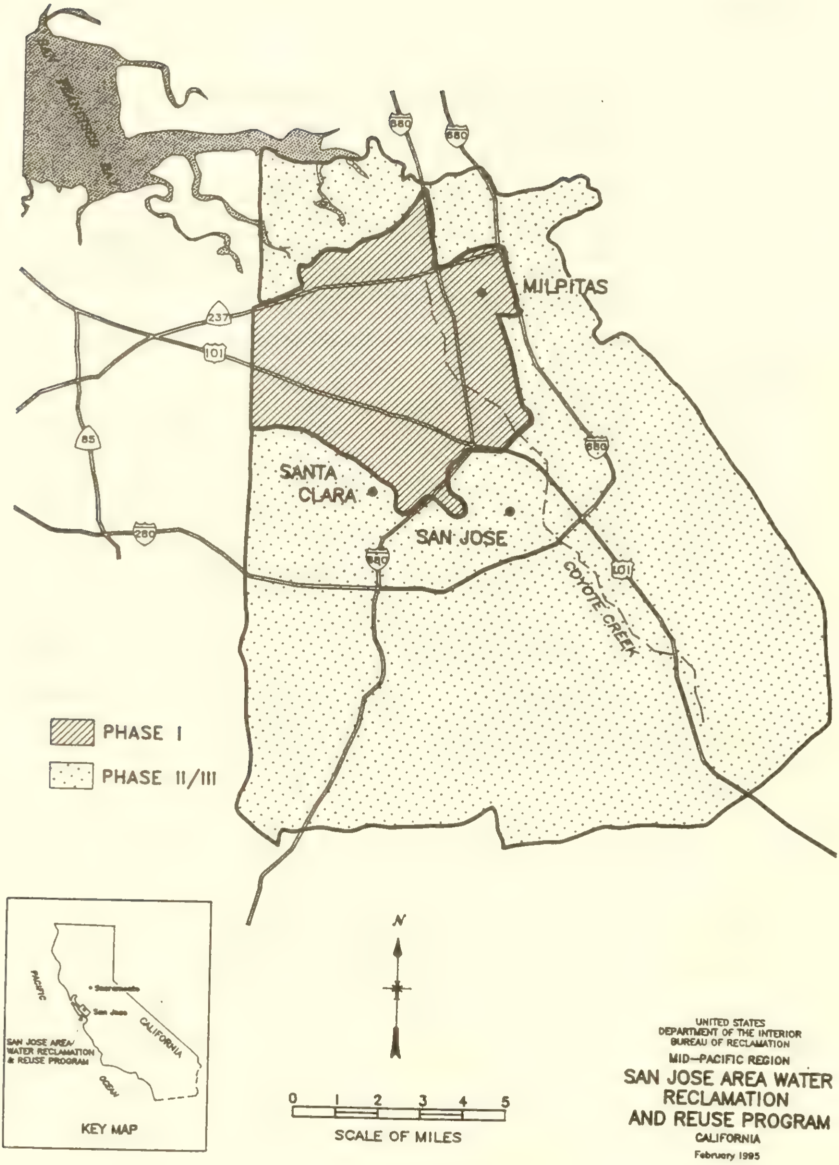
San Gabriel Basin Demonstration Project - Grant work will continue on the construction of a well system and conveyance and pumping systems. Grant administrative costs willcontinue. **$ 21,750,000**

Rio Hondo Water Recycling Program - Grant work will continue on the construction of pipelines to deliver recycled water to various communities. Grant administrative cost will continue. **$ 24,000,000**

San Gabriel Valley Water Reclamation Program - Grant work will continue on the construction of pipelines. Grant administrative costs will continue. **$ 16,000,000**

Non-Federal contributions **$-52,000,000**

Total request **$ 9,750,000**



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
MID—PACIFIC REGION

**SAN JOSE AREA WATER
RECLAMATION
AND REUSE PROGRAM**

CALIFORNIA
February 1995

San Jose Area Water Reclamation and Reuse Program

California

Location This program encompasses the San Jose, California, metropolitan service area.

Description This is a regional program for the planning, design, and construction of demonstration and permanent facilities to reclaim and/or reuse up to 37,000 acre-feet per year of wastewater treatment plant effluent, primarily for irrigation in the Santa Clara Valley, California. The project includes construction of 300 miles of pipe over a 150-square-mile area in six cities to bring reclaimed water to more than 2,000 identified customers for use in landscape and agricultural irrigation.

The project will enable the city of San Jose to meet federally mandated water quality standards, and to reduce pressure on area surface and groundwater supplies. The project is required by the Environmental Protection Agency to prevent conversion of endangered salt marsh habitat by fresh water effluent entering San Francisco Bay. The project will also reduce the discharge of trace level pollutants, and provide a reliable source of nonpotable water to offset potable demands.

The San Jose/Santa Clara Water Pollution Control Plant (Plant) is a jointly-owned regional wastewater treatment plant operated by the City of San Jose. The Plant serves over 1.2 million residents, businesses, and industry in the Santa Clara Valley. The Plant currently discharges about 120 million gallons per day of highly purified effluent into an estuary at the southern end of San Francisco Bay. Treated effluent from the Plant has been recycled on a limited basis for many years. In 1978 the Plant added advanced processes to further treat the effluent, including additional filtration and disinfection. Since then, a small percent of flow (up to 5 million gallons per day) has been recycled for cooling water and irrigation of plant landscaping. Facilities were upgraded further in 1986, improving the reliability of the Plant to produce a high quality effluent suitable for reuse.

Large-scale water reclamation efforts were brought to the forefront in January 1989, with the finding by the Environmental Protection Agency and the San Francisco Regional Water Quality Control Board that the environment adjacent to the plant had been degraded by plant effluent. Federal and State regulators determined that the fresh water discharged from the Plant had reduced the salinity of nearby salt marsh, converting it to fresh-water marsh and threatening the habitat of two endangered species (the salt marsh harvest mouse and the California clapper rail). Despite the fact that plant effluent is treated nearly to drinking water standards, Environmental Protection Administration and the Regional Board ordered San Jose to divert flows over 120 million gallons per day from the South Bay to prevent further marsh conversion. As the treatment plant was designed to treat up to 167 million gallons per day of wastewater, approximately 50 million gallons per day must be diverted for the plant to operate at full capacity. In September 1991, the city adopted an action plan to address the issue of marsh conversion. The planned reuse (through Phase II) of 50 million gallons per day of plant flow at a combined cost of $450 million will allow the plant to operate at capacity while preventing further marsh conversion, and reducing the mass of trace metals discharged to the Bay.

Another significant benefit of regional water reclamation was made clear during the recent six-year drought, when cities throughout California looked to ease the water shortage by exploiting local supplies. Area cities developed demand for reclaimed water by passing drought-control ordinances prohibiting the use of drinking water for dust control and construction. Although heavy rains officially ended the six-year drought in 1993, the ban remains in effect. Since 1989, the city has dispensed more than 300 million gallons for construction purposes, and an additional 1 million gallons per day has been piped to a nearby golf course for irrigation. When completed, the proposed project will offset summer demand for drinking water by up to 70 million gallons per day, by providing an appropriate substitute for industrial process, agricultural use and landscape irrigation.

Authorization Public Law 102-575, the Reclamation Projects Authorization and Adjustment Act of 1992, Title XVI, Section 1607, dated October 30, 1992.

Land certification Not applicable.

Definite plan report Not applicable.

Benefit cost ratio as of October 1, 1995 Benefit-cost ratios are not required for activities authorized under Public Law 102-575.

Completion data San Jose Area Water Reclamation and Reuse Program, Phase I, is scheduled to complete in November, 1997.

Summarized Financial Data

Total Federal obligations	$112,000,000	Allotments to 9/30/94	$ 0
		Allotments for FY 1995	1,715,000
Net property and other transfers			
Federal participation		Allotments to date	$ 1,715,000
Non-Federal participation 1/	338,000,000	Allotments for FY 1996	1,750,000
Total to be allocated	$450,000,000	Balance to complete	$108,535,000

1/ Noncash contributions by San Jose and Santa Clara Valley Water District.

Project Cost Allocation

Allocation	FY 1995 estimate	FY 1996 estimate
Water Conservation	$130,000,000	$450,000,000
Total	$130,000,000	$450,000,000

Cost allocation methodology Changes in the cost allocation are the result of changes in the total estimated cost of this program.

Project Repayment

Repaid by	Amount
Local non-Federal entities 1/	$338,000,000
Nonreimbursable	112,000,000
Total	$450,000,000

1/ Noncash contributions by San Jose and Santa Clara Valley Water District.

Status of repayment contract Not applicable.

Irrigation investment per acre Not applicable.

Status of NEPA compliance Not applicable.

Appropriation ceiling Not applicable.

Other Information The Golden Triangle, Phase I, of the project will reuse 9,000 acre-feet per year in the fifty square mile area. This phase is scheduled to be completed in November 1997 at a cost of $130 million, and will provide peak diversion of about 20 million gallons per day.

The Phase I facility plan was completed in 1993, along with the Environmental Impact Report for construction of water reclamation facilities in the Golden Triangle area. A workshop was held with local water retailers and other agencies in December 1993 to determine optimum pipeline alignments in the expanded area for the purposes of facility design and budget development.

Statements of Qualification for project management services have been received, and a short list of consultants will be interviewed. The selected firm will be responsible for developing the institutional framework for nonpotable reclamation, including agreements with water retailers for funding, operating, and maintaining the facilities, and public education about the uses and benefits of reclaimed water.

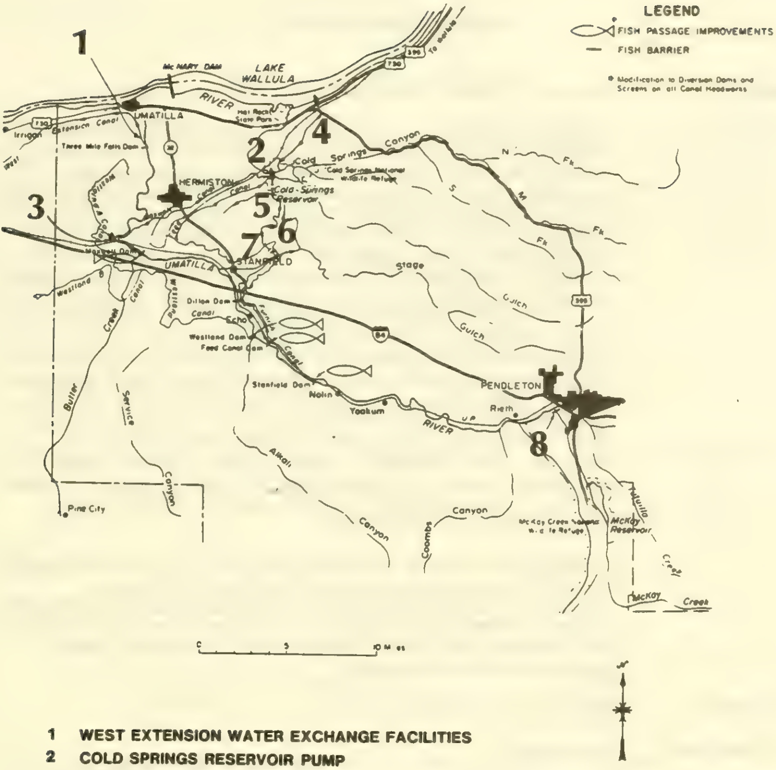
San Jose Area Water . . . .

Work currently underway includes final design of the diversion structure, preliminary design of the pumping station and conceptual design for alignments of the distribution system.

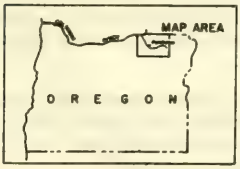
Work proposed for FY 1996

San Jose Area Water Reclamation and Reuse Program. (Public Law 102-575, Section 1607). Phase I of this grant, which began in 1994, will continue in order to establish an institutional framework and obtain environmental compliances, as required to continue the planning, design and construction of demonstration and permanent facilities to reclaim and reuse water within the fifty square mile "Golden Triangle" area of San Jose, California, metropolitan service area.

	$50,000,000
Non-Federal Participation	**-48,250,000**
Total request	**$ 1,750,000**



1 WEST EXTENSION WATER EXCHANGE FACILITIES
2 COLD SPRINGS RESERVOIR PUMP
3 COTTONWOOD BEND PUMP
4 COLUMBIA-COLD SPRINGS CANAL
5 STANFIELD CANAL
6 STANFIELD RELIFT PUMP
7 STANFIELD RELIFT CANAL & SIPHON
8 FISH BARRIER



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
PACIFIC NORTHWEST REGION
UMATILLA BASIN PROJECT
OREGON

January 1995

Umatilla Basin Project
Oregon

Location This project is located in the Umatilla River Basin in northeastern Oregon.

Description The purpose of the project is to mitigate fishery losses by restoring salmon and steelhead runs in the Umatilla River. The project is needed to meet treaty reserved fishing rights of the Confederated Tribes of the Umatilla Indian Reservation while continuing the existing water service to the Hermiston, West Extension, Westland, and Stanfield Irrigation Districts and any other entity which participates in the project water exchange. The program includes a large pumping complex on the Columbia River, small pumping facilities near the mouth of the Umatilla River, and fish passage improvements at several irrigation diversions. The pumping plants will supply irrigators within the existing Umatilla Project with some of their water so that flows now diverted from the Umatilla River for irrigation will remain in the river to enhance flow conditions for salmon and steelhead migration, spawning, and rearing. Interest in the project is high among non-Indian irrigators because it allows the Federal Umatilla reclamation project to meet existing water supply commitments, while reaffirming the Confederated Tribes of the Umatilla Indian Reservation Indian treaty fishing rights. Passage of the Pacific Northwest Electric Power Planning and Conservation Act of 1980 (Public Law 96-501) allows for tributary fishery enhancement, such as in the Umatilla Basin, to mitigate anadromous fish losses resulting from construction of Columbia River dams for power production through offsite enhancement programs.

This project is necessary to try to resolve the conflict and avoid future litigation between fishery and irrigation water users in the Umatilla River basin. Construction of fish passage facilities was completed with funding by Bonneville Power Administration under authority of the Pacific Northwest Power Planning and Conservation Act in order to maintain project continuity and meet the objectives of all water user interests.

Authorization Public Law 100-557; October 21, 1988.

Land certification None required.

Definite plan report None required. The project was authorized on the basis of the information provided in the Planning Report/Environmental Impact Statement.

Benefit cost ratio as of October 1, 1995 Direct Benefits: 1.3

The ratio was computed using the authorized project interest rate of 8-7/8 percent. The project evaluation guidelines provide for identification of direct benefits only. Justification for project construction was based on the Federal Government's implicit treaty obligation to the Confederated Tribes. The B/C ratio is shown for information purposes only.

Completion data The project's first phase, the West Extension Irrigation District water exchange facilities, was completed in November 1992 and is now in service. The remainder of the project is scheduled for completion in FY 1998. As of September 30, 1994, the project was 63 percent complete.

Umatilla Basin Project . . . .

Summarized Financial Data

Total Federal obligations			
Reclamation	$51,089,000	Allotments to 9/30/94	$29,936,675
Other Federal	-0-	Allotment for FY 1995	8,250,000
Net property and other transfers			
Federal participation 1/	3,245,000	Allotments to date	38,186,675
Non-Federal participation 2/	4,139,000	Allotment for FY 1996	6,700,000
Adjustments	-0-		
Total to be allocated	$58,473,000	Balance to complete	$ 6,202,325

1/ Includes preauthorization investigation and advance planning costs.

2/ Non-Federal contributions from Bonneville Power Administration power user revenues.

Project Cost

Allocation	FY 1995 estimate	FY 1996 estimate
Fish and wildlife	$58,884,000	$58,473,000
Total	$58,884,000	$58,473,000

Project Repayment

Repaid By	Amount
Non-Federal contributions 1/	4,139,000
Non-reimbursable 2/	54,334,000
Total	$58,473,000

1/ Non-Federal contributions from Bonneville Power Administration power user revenues.

2/ Federal portion of costs authorized as nonreimbursable.

Status of repayment contracts	None required.
Status NEPA compliance	Final Environmental Impact Statement was filed on February 12, 1988.

Appropriation ceiling

Appropriations authorized are $50,089,000 (October 1995). This authorization is adequate to cover the project as currently proposed. Total Federal obligations include $1,000,000 for lease/purchase of water rights as authorized, which is in addition to the appropriation ceiling.

Work proposed for FY 1996

Cold Springs Pumping Plant - Construction of the pumping plant will be completed. **$2,135,000**

Columbia-Cold Springs Canal - Construction of the canal will be completed. **$ 480,000**

Stanfield Canal and Relift Pumping Plant - One contract for the construction of the North Branch canal will be completed. Contracts will be awarded to construct the Stanfield Branch canal, pumping plant, and control system. **$3,385,000**

Other Project Costs - Provides for lease/purchase of water rights and continuation of historical/archeological investigations, and tribal participation. A contract will be awarded for the remote control/monitoring system. **$ 700,000**

Total request **$6,700,000**

Water Conservation Challenge Partnerships

Location	Activities are located in the 17 Western States.

Description

Water conservation and efficiency innovations will play a critical role in improving water management in the 17 Western states. Reclamation proposes to establish a cost-shared program to fund partnerships for water conservation. Non-Federal entities proposing to implement meaningful water conservation activities are potential partners. All proposals submitted will be comparatively evaluated. These Challenge Partnerships will encourage innovation in the field of water conservation, and assist Reclamation and its customers in meeting water conservation objectives of the Reclamation Reform Act.

Examples of techniques that may be considered include:

- Drainwater Reuse
- Irrigation Scheduling Improvements
- Plumbing Fixture Replacement Program
- Installation of Water Measuring Devices
- Reduced Distribution System Losses

Ideas will be evaluated on the basis of technical/financial feasibility, social/environmental acceptability, user participation, and available cost-sharing. Methods to quantify success must be available. There must also be a clear need for the candidate project. Basic research and paper studies will not be supported.

Completion Data

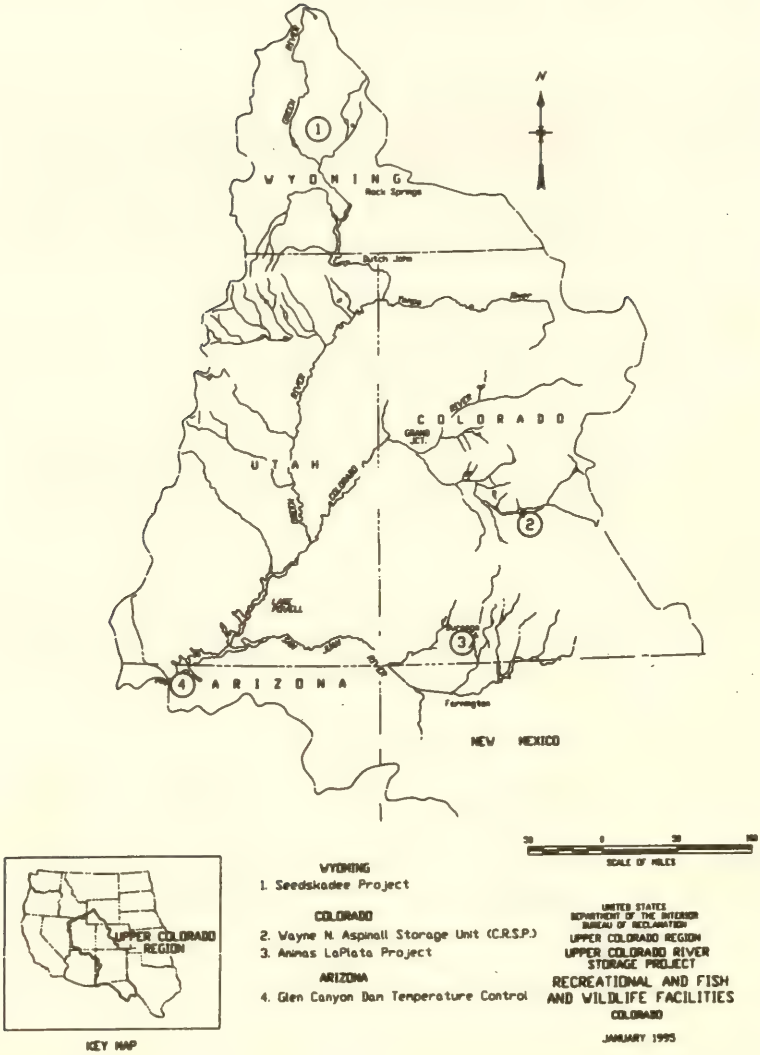
Initiation: FY 1996 Completion: FY 2000

Cost Sharing

50/50 cost-sharing will be sought. State and local agencies, universities, water users, and even those who have had no direct involvement with Reclamation's program in the past have shown interest in submitting proposals for evaluation. Matching funds may be available from State and local entities.

Summarized Financial Data

	Total Estimated Cost	FY 1995 Allotment	FY 1996 Estimate	Balance to Complete
Reclamation	$45,000,000	$ - 0 -	$ 9,000,000	$36,000,000
Non-Federal (cash and services)	45,000,000	- 0 -	9,000,000	36,000,000
Total	$90,000,000	- 0 -	$18,000,000	$72,000,000



WYOMING

1. Seedskadee Project

COLORADO

2. Wayne N. Aspinall Storage Unit (C.R.S.P.)
3. Animas LaPlata Project

ARIZONA

4. Glen Canyon Dam Temperature Control

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
UPPER COLORADO REGION
UPPER COLORADO RIVER
STORAGE PROJECT
RECREATIONAL AND FISH
AND WILDLIFE FACILITIES
COLORADO

JANUARY 1995

Colorado River Storage Project
Recreational and Fish and Wildlife Facilities
Arizona, Colorado, New Mexico, Utah, Wyoming

Location This project is located in the States of Arizona, Colorado, New Mexico, Utah, and Wyoming.

Description Section 8 of the Colorado River Storage Project Act, enacted April 11, 1956, authorized and directed the Secretary to investigate, plan, construct, operate, and maintain (1) public recreational facilities on lands withdrawn or acquired for the development of the Colorado River Storage Project, or participating projects, to conserve the scenery; the natural, historic, and archeological objects; and the wildlife on said lands and to provide for the public use and enjoyment of the same and of the water areas created by these projects by such means as are consistent with the primary purposes of said projects and (2) facilities to mitigate losses of, and improve conditions for, the propagation of fish and wildlife.

The Bureau of Reclamation has authority for continuing work on most recreational and fish and wildlife facilities of the Colorado River Storage Project. Development and construction of project recreational areas having national significance are the responsibility of the National Park Service except Flaming Gorge Reservoir which is the responsibility of the Forest Service. Fish hatcheries and wildlife refuges are a responsibility of the Fish and Wildlife Service. Funds for the development of these areas are provided by the Bureau of Reclamation until they are designated by the Congress as National Recreation Areas or National Wildlife Refuges.

The total appropriation request of $1,920,000 provides for continuation of work on three projects and initiation of work on the Glen Canyon Unit. The investment through September 30, 1994, at public use areas created by the Colorado River Storage Project Act totaled $256 million. In 1994, about 3.6 million fish were produced by the two fish hatcheries constructed as a part of the project. There were 8.8 million visitations at the 22 completed Colorado River Storage Project reservoirs during the 1994 recreation season.

Summarized Financial Data

	Enacted FY 1995	Request FY 1996
Recreational facilities	3,835,000	- 0 -
Fish and wildlife facilities	3,371,000	1,920,000
Subtotal	$7,206,000	$1,920,000
Non-Federal cash		
Prior year funds	- 0 -	- 0 -
Recreational facilities	- 0 -	- 0 -
Fish and wildlife facilities	- 0 -	- 0 -
Total program	$7,206,000	$1,920,000

Recreational and Fish and Wildlife Facilities . . . .

Work proposed for FY 1996

Fish and Wildlife Facilities

Animas-La Plata Project, Colorado - Preconstruction activities will continue.	$ 250,000
Seedskadee Project, Wyoming - Development of the National Wildlife Refuge will be completed.	$1,010,000
Glen Canyon Unit, Arizona - Studies will be initiated for temperature control structures at Glen Canyon Dam as required by the Glen Canyon Environmental Impact Statement.	$ 160,000
Wayne N. Aspinall Unit, Colorado - Land acquisition will continue for Fishery Mitigation.	$ 500,000
Total request	$1,920,000

REHABILITATION AND BETTERMENT OF EXISTING PROJECTS

REHABILITATION AND BETTERMENT OF EXISTING PROJECTS

On existing older projects, some of the structures have exceeded their useful life; and in the long run, replacement is more economical than continuing extensive repairs. The deteriorated facilities result in inefficient use or loss of water. Needed repairs in most instances are beyond the ability of the water user to finance on a current year basis. In addition, there have been many changes in land use, methods of irrigation, and types of crops raised. Therefore, to place these older projects on a basis comparable to those now being constructed, the facilities not only need to be rehabilitated but also improved.

The Act of October 7, 1949, as amended, which is the basic authorizing legislation for the rehabilitation and betterment program, requires execution of contracts for the repayment of the cost of the rehabilitation and betterment work allocated to reimbursable functions.

The annual rate of payment is based on the finding of the Secretary of the Interior as to the ability of the user to pay after giving due consideration to any other outstanding repayment obligations.

During FY 1996, rehabilitation and betterment work will continue on three projects.

Summarized Financial Data

Rehabilitation and Betterment	**Enacted FY 1995**	**Request FY 1996**
Allotment	$ 9,133,000	$4,749,000
Application of prior year funds	76,000	-0-
Non-Federal cash	6,835,000	3,924,00
Non-Federal non-cash	1,720,000	1,300,000
Total program	$17,764,000	$9,973,000

Ogden River
Utah

Location This project is located in north-central Utah in Weber and Box Elder Counties.

Description Rehabilitation work performed by the water users will conclude on Pineview Dam, Ogden Canyon Conduit, and Ogden-Brigham Canal.

FY 1995 allotment	$1,508,000	FY 1996 request	$975,000
Prior year funds	39,000		
Non-Federal cash	1,135,000	Non-Federal cash	1,867,000
FY 1995 total program	$2,682,000	FY 1996 total program	$2,842,000

Shoshone Project
Wyoming

Location This project is located in northwestern Wyoming.

Description The Shoshone Project is made up of four irrigation districts (Shoshone, Deaver, Willwood, and Heart Mountain) that serve approximately 93,000 acres. The facilities were constructed from 1917-1947 and are in need of rehabilitation or replacement. Work will continue on the conversion of canals to pipe for all but the larger supply canals. Also, rehabilitation of farm turnout water-measurement devices and lining of larger canals will continue.

FY 1995 allotment	$1,556,000	FY 1996 request	$1,300,000
Prior year funds	22,000		
Non-Federal non-cash	$1,700,000	Non-Federal non-cash	$1,300,000
FY 1995 total program	$3,278,000	FY 1996 total program	$2,600,000

Weber Basin Project
Utah

Location This project is located in north-central Utah in Davis, Morgan, Summit, Wasatch, and Weber Counties.

Description Rehabilitation work performed by the water users will continue on Gateway Canal, Ogden Valley Canal, Willard Laterals, Arthur Watkins Dam, and water supply wells.

FY 1995 allotment	$5,891,000	FY 1996 request	$2,474,000
Prior year funds	5,000		
Non-Federal cash	$5,700,000	Non-Federal cash	$2,057,000
FY 1995 total program	$11,596,000	FY 1996 total program	$4,531,000

CONSTRUCTION PROGRAM

SCHEDULE OF CONSTRUCTION PROGRAM FISCAL YEAR 1995 AND FISCAL YEAR 1996

	PROGRAM ITEM	ESTIMATED TOTAL	TOTAL TO SEPTEMBER 30 1994	FY 1995 PROGRAM	FY 1996 PROGRAM	BALANCE TO COMPLETE
1	HIGHLAND – HANOVER DIV. P – SMBP	300,000	272,395	4,000		23,605
2	MILK RIVER, GLASGOW DIVISION	2,030,328	1,850,328	180,000		
3	OGDEN RIVER PROJECT	11,868,460	9,346,460	1,547,000	975,000	
4	SHOSHONE PROJECT R/B	7,500,000	3,163,164	1,578,000	1,300,000	1,458,836
5	UPPER BLUFF DIVISION, P – SMBP	6,606	2,606	4,000		
6	WEBER BASIN PROJECT	19,564,000	7,405,822	5,896,000	2,474,000	3,788,178
7	SUBTOTAL	41,269,394	22,040,775	9,209,000	4,749,000	5,270,619
8	TOTAL OBLIGATIONS	41,269,394	22,040,775	9,209,000	4,749,000	5,270,619
9	METHOD OF FINANCING					
10	APPLICATION OF PRIOR YEAR FUNDS			76,000		
11	APPROPRIATION AVAILABLE & REQD			9,133,000	4,749,000	5,270,619
12	NONFEDERAL PARTICIPATION			6,835,000	3,924,000	386,177

DRAINAGE AND MINOR CONSTRUCTION PROGRAM

DRAINAGE AND MINOR CONSTRUCTION PROGRAM

The drainage and minor construction program consists mostly of minor completion work on projects for which major construction is completed. Activities in this category include drainage work, minor repairs, modification work, miscellaneous finishing activities, construction of minimum basic health and safety facilities around existing reservoirs, preconstruction on temporarily deferred facilities, and investigations for settlement of claims.

A program of investigation and construction of recreation facilities under Title 28 of Public Law 102-575 is included.

The FY 1996 program involves activity on 17 ongoing projects, which include 2 units of the Pick-Sloan Missouri Basin Program; cost-sharing with non-Federal management entities on the development, rehabilitation, and management of recreation areas and facilities; and the Wetlands Development Program. .

Summarized Financial Data

Drainage and Minor Construction	Enacted FY 1995	Request FY 1996
Allotment	$34,554,000	$23,203,000
Application prior year funds	3,437,607	
Non-Federal cash	11,768,000	7,510,000
Non-Federal non-cash	1,093,500	2,183,000
Other Federal participation	1,811,000	0
Total program	$52,664,107	$32,896,000

Boise Project
Idaho

Location The project is located in southwestern Idaho.

Description Several water quality improvement projects are planned for Cascade Reservoir. The Idaho Department of Environmental Quality has designated Cascade Reservoir as a "Water Quality Limited Stream Segment," which allows the state to participate in cost-sharing for water quality improvements. Reclamation, as a major land owner adjacent to the reservoir is responsible for water quality impacts and must participate in the resolution of the issues impacting water quality. Non-Federal cost sharing for 60 percent of the cost of these projects will be provided by the State of Idaho.

FY 1995 allotment	$-0-	FY 1996 request	$510,000
Prior year funds	175,833		
Non-Federal non cash	-0-	Non-Federal non cash	765,000
FY 1995 total program	$175,833	FY 1996 total program	$1,275,000

Brantley Project
New Mexico

Location This project is located in southeastern New Mexico on the Pecos River in Eddy County.

Description Funds provide for waterfowl mitigation activities on the 300-acre waterfowl ponds of the Karr Farm near Artesia, New Mexico, and 640 acres of waterfowl feed on the Seven Rivers Farm adjacent to Brantley Reservoir.

FY 1995 allotment	$-0-	FY 1996 request	$650,000
Prior year funds	261,677		
FY 1995 total program	261,677		

Colorado River Front Work and Levee System
Arizona, California, Nevada

Location This project is located in Mohave, La Paz, and Yuma Counties in western Arizona; Riverside, San Bernardino, and Imperial Counties in southeastern California; and Clark County in southern Nevada.

Description Contracts to correct the undersized and inadequate existing valley drainage system will continue as well as mitigation work at a Colorado River backwater. Funding for noncontract costs associated with these activities will continue.

FY 1995 allotment	$2,700,000	FY 1996 request	$1,800,000
Prior year funds	1,751		
FY 1995 total program	2,701,751		

Drainage and Minor Construction . . . .

Klamath Project
California, Oregon

Location The project is located on the Oregon-California border in Oregon's Klamath County and California's Siskiyou and Modoc Counties.

Description Implementation of the Klamath area water conservation plan will begin and complete. A contract will be awarded for rehabilitation of sumps 2 and 3 at Tulelake Division. Embankment repair will begin and complete at Lower Klamath Lake Division. Fish passage studies on the Main Division, and miscellaneous interagency and cooperative agreements on Klamath Basin rehabilitation program will continue.

FY 1995 allotment	$2,243,000	FY 1996 request	$2,818,000
Prior year funds	151,000		
FY 1995 total program	$2,394,000		

Lake Meredith Salinity Control Project
New Mexico, Texas

Location This project is located in northwestern Texas and northeastern New Mexico.

Description The Lake Meredith Salinity Control Project was constructed by the Bureau of Reclamation in the mid-1960's to supply municipal and industrial water to the 11 member cities in the Canadian River Authority. The water quality in Lake Meredith has steadily declined since impoundment began in 1964 due primarily to artesian leakage from a shallow brine aquifer located in northwestern New Mexico. The project consists of drilling shallow production wells into the brine-filled aquifer to reduce artesian pressure and disposing of the brine by deep well injection into a suitable geologic formation approximately 5,000 feet deep. The Bureau's role will be limited to design preparation and construction management. The Canadian River Authority is responsible for other work on the project.

FY 1995 allotment	$0	FY 1996 request	$ 100,000
Prior year funds	501,000		
Non-Federal cash	2,220,000	Non-Federal cash	1,610,000
FY 1995 total program	$2,721,000	FY 1996 total program	$1,710,000

Leadville/Arkansas River Recovery
Colorado

Location This project is located in Chaffee, Custer, El Paso, Fremont, Lake, Park, Pueblo, Saguache, and Teller Counties of central Colorado.

Description The Leadville Mine Drainage Tunnel Water Quality Demonstration Project consists of project waters that are stored in Turquoise Lake, Twin Lakes, and Pueblo Reservoir and are conveyed down the Arkansas River from the former two lakes to Pueblo Reservoir. Pueblo Reservoir has the potential for becoming a sink for heavy metals as sediments accumulate. Reduction of upstream contaminant loading will help to protect the project water supply. The authorizing legislation allows Reclamation and others to proceed with investigations of water pollution sources and impacts attributed to mining and other development in the Upper Arkansas River Basin, to develop corrective action plans, and to implement corrective action demonstration projects. Reclamation will enter into contracts with other Federal and State agencies to formulate the plans to comply with the legislation. In FY 1996 work will continue on construction of the first corrective action demonstration project. Also, a program will be initiated which will restore fish and wildlife resources in parts of the Arkansas River Basin affected by historic effluent discharged from the Leadville Mine Drainage Tunnel. These two activities are authorized by Public Law 102-575, Title VII, Sections 707 and 708.

FY 1995 allotment	$500,000	FY 1996 request	$600,000
Prior year funds	120,000		
Non-Federal non-cash	200,000	Non-Federal non-cash	100,000
FY 1995 total program	$820,000	FY 1996 total program	$700,000

McGee Creek Project
Oklahoma

Location This project is located in Atoka County in southeastern Oklahoma.

Description Mineral rights acquisitions in the dam and reservoir areas will be completed. Condemnation activities will be required on 80 tracts, based on court-ordered awards for mineral rights on the Nueces River Project, Texas. The cultural resource inventory and evaluation on project lands will be completed.

FY 1995 allotment	$124,000	FY 1996 request	$125,000

Drainage and Minor Construction . . . .

Mountain Park Project
Oklahoma

Location This project is located in Kiowa County in southeastern Oklahoma.

Description The contract for a cathodic protection system to inhibit corrosion of the Altus-Snyder Aqueducts will be completed.

FY 1995 allotment	$1,500,000	FY 1996 request	$700,000
Prior year funds	22,287		
FY 1995 total program	1,522,287		

Newlands Project
California, Nevada

Location The project is located in the Lower Carson River Basin near Fallon in western Nevada in the Counties of Churchill, Washoe, Storey, and Lyon and in northern California in Placer County.

Description As part of the implementation of Public Law 101-618, the Fallon Paiute Shoshone Indian Tribe Water Rights Settlement Act of 1990 and Truckee-Carson Pyramid Lake Water Rights Settlement Act, a study of rural water supplies will be conducted. The study will review alternative water supplies to replace domestic wells which may be adversely affected by the change of water use from agriculture to fish and wildlife purposes on a substantial portion of the Newlands Project.

Under Section 209 of the Fallon Settlement, the contract work on the effluent reuse project will continue along with a continuation of work on the Operating Criteria and Procedures. Under Section 206 of the Pyramid Lake Settlement, purchasing of water rights for the restoration and maintenance of Lahontan Valley wetlands will continue. FY 1996 includes $4.0 million for this purpose. Under Section 207 of the Fallon Settlement, the rehabilitation of Marble Bluff Dam will continue. Under Section 210 of the Fallon Settlement, the Operating Criteria and Procedures, monitoring and compliance will continue.

FY 1995 allotment	$1,384,000	FY 1996 request	$7,250,000
Prior year funds	498,000		
Other Federal participation	1,553,000		
FY 1995 total program	$3,435,000		

Nueces River Project
Texas

Location This project is located in Live Oak County in southern Texas.

Description Mineral rights acquisitions in the dam and reservoir areas will be completed. Four cases have been filed and court actions are pending. Condemnation activities will be required on seven additional tracts. Court-ordered awards for mineral rights on the Nueces River Project, Texas, resulted in final judgments of $8,500,000 for the 5,507-acre Lark Ranch Estate and $3,348,000 for the 640-acre Rocanville Corporation properties. The Rocanville Corporation case was settled for $2,500,000. The cultural resource inventory and evaluation on project lands will be completed.

FY 1995 allotment	$156,000	FY 1996 request	$105,000
Prior year funds	255,000		
FY 1995 total program	$411,000		

Palmetto Bend Project
Texas

Location This project is located in Jackson County in southern Texas.

Description Mineral rights acquisitions in the dam and reservoir areas will be completed. Based on court-ordered awards for mineral rights on the Nueces River Project, Texas.

FY 1995 allotment	$-0-	FY 1996 request	$25,000

Drainage and Minor Construction . . . .

Pick-Sloan Missouri Basin Program
North Loup Division
Nebraska

Location This division is located in central Nebraska along the North Loup and Loup Rivers. Diversion facilities are located in Loup and Garfield Counties, and the irrigable lands are located in Valley, Greeley, Howard, Merrick, and Nance Counties.

Description The FY 1996 request provides for completion of the project. This is a 1-year completion delay from that shown in the 1995 Budget Justifications. FY 1996 work includes completion of construction contract administration, closing the construction and field offices, final inspection for transferring project facilities from construction to operation and maintenance, and completion of minor work items.

FY 1995 allotment	$2,773,000	FY 1996 request	$900,000
Prior year funds	89,000		
FY 1995 total program	2,862,000		

Pick-Sloan Missouri Basin Program
Oahe Unit
South Dakota

Location This project is located in Sully, Hughes, Spink, and Beadle Counties of northeastern South Dakota.

Description Maintenance will continue on Oahe Pumping Plant and Reaches 1A and 1B of Pierre Canal. Site security and land management will continue on existing facilities and Blunt Reservoir lands.

FY 1995 allotment	$92,000	FY 1996 request	$80,000

Reclamation Recreation Management Act - Title XXVIII
Includes Previous Project
"Recreation Facilities at Existing Reservoirs"
Various States

Location Various locations in the 17 Western States.

Description Recreation is authorized under various public laws including the Federal Water Project Recreation Act of 1965 (Public Law 89-72). In 1992, the Reclamation Projects Authorization and Adjustment Act (Public Law 102-575) was enacted. Title 28 of the Act, known as the Reclamation Recreation Management Act, amended Public Law 89-72 to remove certain restrictions and to strengthen Reclamation's authority to develop and manage recreation areas and facilities. The Act permits Reclamation to cost-share with non-Federal management entities on the development, rehabilitation, and management of recreation areas and facilities. A proposed Reclamation policy for implementation of the recreation cost-sharing authorities for work under Title 28 has been developed to better provide opportunities for public outdoor recreation in partnership with non-Federal agencies.

Funds will be utilized to identify facilities throughout the 17 Western States that are inadequate to meet current recreational standards, develop plans for development, prepare site-specific design documents, and construct recreation facilities in accordance with agreements with non-Federal cost-sharing partner(s). Reclamation will seek non-Federal cost-sharing as new work is identified for recreation development, modification or expansion.

This program has been implemented and in FY 1996 funds will continue to provide for the rehabilitation, renovation, and expansion of recreation facilities including items such as handicap-accessible restroom construction, fishing and boating access, access roads, day use and overnight (camping) facilities, etc.

FY 1995 allotment	$ 6,473,000	FY 1996 request	$ 3,500,000
Prior year funds	41,000		
Non-Federal cash	6,390,000	Non-Federal cash	3,500,000
Non-Federal non-cash	150,000	Non-Federal non-cash	-0-
FY 1995 total program	$13,054,000	FY 1996 total program	$7,000,000

Tres Rios Wetlands Demonstration
Arizona

Location This project is located near the city of Phoenix, Maricopa County, Arizona.

Description This constructed wetlands project will provide technical and scientific data for developing design information, concepts, and operating criteria for large-scale constructed wetlands. The large-scale constructed wetland would treat production water from an advanced wastewater treatment facility. This project will research wetlands potential for improving the quality of wastewater treatment plant flows to the Salt and Gila River systems; the effects of wetlands relative to consumptive use of water; nutrient and water-borne pathogen removal; creation of wildlife habitat; and as a recreational/education resource. Questions about how properly designed wetlands can be used for removing heavy metals and trace organics from water discharged from an advanced treatment facility are in need of answers. This project will enhance Reclamation's expertise in evaluating the use of constructed wetlands as one strategy for dealing with comprehensive water resource management issues.

FY 1995 allotment	$-0-	FY 1996 request	$ 500,000
Prior year funds	92,909		
Non-Federal non-cash	500,000	Non-Federal non-cash	500,000
FY 1995 total program	$592,909	FY 1996 total program	$1,000,000

Wetlands Development
Various States

Location The organizations in Denver and various States in the Pacific Northwest, Lower Colorado, and Great Plains Regions.

Description The Wetlands Development program is authorized under the Reclamation Law of 1902; the North American Wetlands Conservation Act, Public Law 101-233; and various other public laws. Funds will be used to complete final reports on wetland program activities including a general wetlands resource inventory on 8.5 million acres of Reclamation land; design criteria and strategies for development of wetland ecosystems within a watershed for water quality, wildlife habitat, and aesthetic purposes; and monitor activities at the research and demonstration areas.

In FY 1996, contracts will be awarded for the creation of wetlands and riparian habitats adjacent to the Tijuana River near San Diego, California and near the Santa Cruz River at Nogales, Arizona to treat the effluent in a constructed wetland and reuse the treated water near Tucson Arizona, and to improve the ability of several Navajo wastewater treatment plants on the Navajo Reservation, Arizona, to meet current water quality standards. Also, the Pacific Northwest Region will complete one wetland site in Idaho and award one contract in both Idaho and Washington.

The Great Plains Region will complete moist soil management units in Colorado and Nebraska; construct wetland impoundments in North Dakota, South Dakota, Wyoming, Nebraska, and Kansas; construct wetlands and nesting islands in Wyoming; enhance riparian habitat and complete the Caddo Lake Project in Texas; develop wetlands on Tribal lands in North Dakota and Montana; and continue coordination efforts for the Heart Butte Wildlife Project of the Prairie Potholes Joint Venture.

FY 1995 allotment	$5,146,000	FY 1996 request	$2,330,000
Prior year funds	200,575		
Non-Federal cash	0	Non-Federal cash	200,000
Other Federal contributions	258,000	Other Federal contributions	0
Non-Federal non-cash	128,500	Non-Federal non-cash	818,000
FY 1995 total program	$5,733,075	FY 1996 total program	$3,348,000

Yakima Fish Passage and Protective Facilities
Washington

Location The facilities are located on the Yakima Project in south central Washington.

Description The request provides for construction of the Yakima-Tieton fish screens. Design and construction of phase II fish passage and protective facilities will continue.

FY 1995 allotment	$ 460,000	FY 1996 request	$1,210,000
Prior year funds	51,000		
Non-Federal cash	1,500,000	Non-Federal cash	1,500,000
FY 1995 total program	$2,011,000	FY 1996 total program	$2,710,000

CONSTRUCTION PROGRAM

SCHEDULE OF CONSTRUCTION PROGRAM FISCAL YEAR 1995 AND FISCAL YEAR 1996

	PROGRAM ITEM	ESTIMATED TOTAL	TOTAL TO SEPTEMBER 30 1994	FY 1995 PROGRAM	FY 1996 PROGRAM	BALANCE TO COMPLETE
1	ALL AMERICAN CANAL PROJECT	6,015,882	6,015,882			
2	ARBUCKLE PROJECT	39,990	33,990	6,000		
3	BOISE PROJECT	45,746,490	34,331,996	175,833	510,000	10,728,661
4	BOSTWICK DIVISION, P–SMBP	57,353,548	56,753,548	549,000		51,000
5	BRANTLEY PROJECT	199,302,869	143,760,312	261,677	650,000	54,630,880
6	BUFFALO BILL DAM MODF, P–SMBP	76,809,152	76,619,152	190,000		
7	CHIEF JOSEPH, ORVILLE–TONASKET	89,576,000	87,647,018	194,000		1,734,982
8	COLO RIV FRONT WORK/LEVEE SYST	183,158,000	83,504,872	2,701,751	1,800,000	95,151,377
9	COSTILLA DAM CLAIM	4,827,000		4,827,000		
10	CULTURAL RESOURCES ACTIVITIES	159,596	125,596	34,000		
11	DALLAS CREEK PROJECT (CRSPP)	121,215,454	120,739,962	292,000		183,492
12	EAST BENCH UNIT, P–SMBP	23,826,554	23,464,366	50,000		312,188
13	FARWELL UNIT, P–SMBP	45,388,229	44,878,229	210,000		300,000
14	FRYINGPAN–ARKANSAS PROJECT	509,612,002	509,462,002	150,000		
15	HEADGATE ROCK HYDROELEC PROJ	57,215,219	57,081,718	133,501		
16	HUNGRY HORSE SELECTIVE WITHDRL	8,143,503	3,421,503	4,722,000		
17	KLAMATH PROJECT	59,745,000	49,041,579	2,394,000	2,818,000	5,491,421
18	LAKE MEREDITH SALINITY CONTROL	2,790,000	898,477	501,000	100,000	1,290,523
19	LEADVILLE/ARKANSAS R RECOVERY	21,249,635	17,849,635	620,000	600,000	2,180,000
20	LOWER COLORADO WTR SUPPLY PROJ	650,124	584,050	66,074		
21	MC GEE CREEK PROJECT	120,149,342	119,898,342	124,000	125,000	2,000
22	MINIDOKA PROJECT	7,181,509	4,044,526	112,000		3,024,983
23	MOUNTAIN PARK PROJECT	45,311,259	42,888,972	1,522,287	700,000	200,000
24	NEWLANDS PROJECT	53,197,000	13,371,652	1,882,000	7,250,000	30,693,348
25	NORTH LOUP DIVISION, P–SMBP	363,708,853	348,492,161	2,862,000	900,000	11,454,692

CONSTRUCTION PROGRAM

SCHEDULE OF CONSTRUCTION PROGRAM FISCAL YEAR 1995 AND FISCAL YEAR 1996

	PROGRAM ITEM	ESTIMATED TOTAL	TOTAL TO SEPTEMBER 30 1994	FY 1995 PROGRAM	FY 1996 PROGRAM	BALANCE TO COMPLETE
1	NUECES RIVER PROJECT	109,344,394	108,583,394	411,000	105,000	245,000
2	OAHE UNIT, P-SMBP	490,000,000	44,605,192	92,000	80,000	1,388,000
3	OWL CREEK UNIT, P-SMBP	7,006,000	6,813,857	15,000		177,143
4	PALMETTO BEND PROJECT	74,092,994	74,087,994		25,000	
5	RAPID VALLEY PROJECT	335,000		335,000		
6	REC FACILITIES AT EXISTING RESRVRS GP	3,808,975	1,230,975	123,000		2,455,000
7	RECL RECREATN MGT ACT-TITLE 28 DO	23,598,000		6,390,000	3,500,000	13,708,000
8	RECL RECREATN MGT ACT-TITLE 28 MP	7,719	7,719			
9	RECL RECREATN MGT ACT-TITLE 28 UC	712,082	711,082	1,000		
10	SAN LUIS VALLEY, CLOSED BASIN	95,204,158	94,710,158	94,000		400,000
11	TRES RIOS WETLANDS DEMONSTRATN	1,500,000	407,091	92,909	500,000	500,000
12	WETLANDS DEVELOPMENT DO	5,742,532	3,903,253	1,739,279	100,000	
13	WETLANDS DEVELOPMENT GP	16,402,837	2,386,562	3,399,000	1,800,000	8,817,275
14	WETLANDS DEVELOPMENT LC	3,239,580	36,284	63,296	200,000	2,940,000
15	WETLANDS DEVELOPMENT MP	1,618,350	1,618,350			
16	WETLANDS DEVELOPMENT PN	2,113,968	149,604	145,000	230,000	1,589,364
17	YAKIMA FISH PASG/PRTCV FACILS	47,737,000	45,646,726	511,000	1,210,000	369,274
18	SUBTOTAL	2,984,835,799	2,229,787,781	37,991,607	23,203,000	250,018,603
19	TOTAL OBLIGATIONS	2,984,835,799	2,229,787,781	37,991,607	23,203,000	250,018,603

CONSTRUCTION PROGRAM

SCHEDULE OF CONSTRUCTION PROGRAM FISCAL YEAR 1995 AND FISCAL YEAR 1996

	PROGRAM ITEM	ESTIMATED TOTAL	TOTAL TO SEPTEMBER 30 1994	FY 1995 PROGRAM	FY 1996 PROGRAM	BALANCE TO COMPLETE
1	METHOD OF FINANCING					
2	APPLICATION OF PRIOR YEAR FUNDS			3,437,607		
3	APPROPRIATION AVAILABLE & REQD			34,554,000	23,203,000	693,853,411
4	OTHER FEDERAL PARTICIPATION			1,811,000		
5	NONFEDERAL PARTICIPATION			11,758,000	7,510,000	151,300,317

SAFETY OF DAMS

SAFETY OF DAMS

The guiding principle of Reclamation's Safety of Dams program is that dams must be maintained and operated in a safe condition to protect the public, property, and natural resources. This requires identifying structures which pose unacceptable risk and taking corrective action to reduce or eliminate those risks. Funds for early detection and analysis activities to identify dams which present unacceptable risks are provided through the Safety Evaluation of Existing Dams program, part of the Operation and Maintenance Appropriation.

The Safety of Dams program implements the intent of the "Reclamation Safety of Dams Act of 1978" (Public Law 95-578, as amended in 1984 by Public Law 98-404). The Act grants authority to undertake necessary actions to provide for the safety of existing dams and related facilities under the jurisdiction of the Bureau of Reclamation. The 1984 amendments to the Act raised the appropriation ceiling from the original $100 million to $750 million for authorized work. Since 1978, 36 dams have been modified under this authority at a cost of $462 million. The 1984 Act allows indexing of the authorization ceiling and $410 million remains unexpended. Reclamation has reservoirs impounded by 479 dams and dikes. Of these, 402 dams and dikes at 260 individual facilities would place the public at risk if they should fail. The 260 dam facilities are in the Reclamation Dam Safety Program, which includes seven privately owned dams that have become a part of Reclamation projects by previous legislation.

FY 1996 provides for continuing preconstruction and construction work on six Reclamation dams. They are: Salt River Project, Bartlett, Horseshoe, and Theodore Roosevelt Dams; Crooked River Project, Ochoco Dam; Yakima Project, Bumping Lake Dam; and Umatilla Project, Cold Springs Dam. Construction activities for the modification of San Carlos Irrigation Project, Coolidge Dam, Arizona, owned and operated by BIA, will continue.

The Initiate Safety of Dams Corrective Action program (ISCA) provides for the preparation of designs, modification reports and corrective action activities,including construction, for up to 33 dams which may include: San Angelo Project, Twin Buttes Dam; Crooked River Project, Arthur R. Bowman Dam; Umatilla Project, McKay Dam; Rogue River Basin Project, Fish Lake Dam; Deschutes Project, Wickiup Dam; Vale Project, Warm Springs Dam; Burnt River Project, Unity Dam; Okanogan Project, Conconully and Salmon Lake Dams; Columbia Basin Project, O'Sullivan and Dry Falls Dams; Lewiston Orchards Project, Reservoir "A" Dam; Mann Creek Project, Mann Creek Dam; Boise Project, Deadwood Dam; Humboldt Project, Rye Patch Dam; Newlands Project, Lahontan Dam; Salt River Project, Horse Mesa Dam; Uncompahgre Project, Taylor Park Dam; Scofield Project, Scofield Dam; Weber Basin Project, Lost Creek and Echo Dams; Provo River Project, Deer Creek Dam; Hyrum Project, Hyrum Dam; Carlsbad Project, Avalon Dam; Parker-Davis Project, Parker Dam; Pick Sloan Missouri Basin Program, Enders Dam; North Platte Project, Lake Alice Dam; Cachuma Project, Bradbury Dam; Central Valley Project, Los Banos and Trinity Dams; and North Platte River Dams including: North Platte Project, Pathfinder Dam; Pick-Sloan Missouri Basin Program, Glendo Dam; and Kendrick Project, Seminoe Dam. The ISCA program also provides funds for the development and implementation of early warning systems to reduce the potential for loss of life during extreme events. Activities will focus on those structures presenting the greatest risk to the public.

FY 1996 funds will provide for corrective action studies to evaluate alternatives that reduce public risk. Funding will also allow Reclamation to coordinate the Department of the Interior Dam Safety Program, which includes providing assistance to the Departmental Working Group on Dam Safety; advising and assisting other Interior agencies with their dam safety programs; perform research and technology updates; and coordinate the Department of the Interior program with the Federal Emergency Management Agency, and other Federal and State agencies.

Summarized Financial Data

Safety of Dams	Enacted FY 1995	Request FY 1996
Allotment	$57,056,000	$94,593,000
Application of prior year funds	2,823,220	-0-
Non-Federal cash	6,564,000	5,899,000
Total program	$66,443,220	$100,492,000

Department Dam Safety Program

Various States

Description

Work will continue with the coordination and management of the Department of the Interior Dam Safety Program. Program activities include preparing Departmental policy and guidelines, maintaining the data base information required by the Federal Guidelines for Dam Safety, providing assistance to the DOI Working Group on Dam Safety in implementing initiatives and maintaining the DOI Priority data base, conducting research applicable to DOI dams, and assisting other DOI agencies in administering their dam safety programs. Development of a dam safety training aids program in conjunction with other DOI, Federal, and State agencies will continue. Work will continue on an initiative to develop dam safety educational programs for Historic Black Colleges and Universities.

FY 1995 allotment	$850,000	FY 1996 request	$1,270,000
Prior year funds	3,353		
FY 1995 total program	853,353		

Initiate Safety of Dams Corrective Action

Various States

Description

This activity provides for accomplishment of special studies, preparation of authorization reports, preconstruction activities including design and preparation of contract specifications, and accomplishment of modifications not exceeding $750,000.

FY 1995 allotment	$10,043,000	FY 1996 request	$38,175,000
Prior year funds	37,906		
FY 1995 total program	10,080,906		

Safety of Dams . . . .

Crooked River Project, Ochoco Dam
Oregon

Location This project is located in central Oregon.

Description Safety of Dams deficiencies are overtopping of the dam and spillway failure during large flood events and piping of dam and foundation materials. Consequences of a dam failure would be a threat to many lives, extensive economic damages, and loss of project benefits. Corrective action will be construction of a seepage barrier and modification of the spillway. The modification report was submitted to Congress and the 60-day action period was waived. Construction began in FY 1994 and will continue in FY 1996.

FY 1995 allotment	$3,625,000	FY 1996 request	$6,000,000

Salt River Project
Bartlett Dam
Arizona

Location This project is located approximately 48 miles northeast of Phoenix in Maricopa County, Arizona.

Description Ongoing contracts include the prime contract for modifications to Bartlett Dam and environmental mitigation and rehabilitation of the construction area. The contract for cultural mitigation and Fish and Wildlife Coordination Act activities will be completed.

FY 1995 allotment	$12,346,000	FY 1996 request	$ 8,085,000
Prior year funds	380		
Non-Federal cash	1,618,000	Non-Federal cash	856,000
FY 1995 total program	$13,964,380	FY 1996 total program	$8,941,000

Salt River Project
Horseshoe Dam
Arizona

Location This project is located approximately 58 miles northeast of Phoenix in Maricopa County, Arizona.

Description Contracts for upland revegetation monitoring and environmental mitigation for the borrow area revegetation will continue. The contract for cultural mitigation will complete.

FY 1995 allotment	$2,869,000	FY 1996 request	$1,103,000
Prior year funds	893		
Non-Federal cash	84,000	Non-Federal cash	51,000
FY 1995 total program	$2,953,893	FY 1996 total program	$1,154,000

Salt River Project
Theodore Roosevelt Dam[1]
Arizona

Location This project is located approximately 76 miles northeast of Phoenix in Gila and Maricopa Counties, Arizona.

Description New contracts at Roosevelt Dam include relocation of the 115kV transmission line and the 22kV distribution line. Also included in new awards for Roosevelt Dam are removal of vacated facilities, "as built" drawings for Salt River Project, and post construction revegetation. All new awards at Roosevelt Dam will also complete during FY 1996.

Ongoing contracts at Roosevelt Dam include the platform mound archeological study, the contract for traveling museum exhibits, as well as fish and wildlife coordination activities including Tonto Creek riparian monitoring and enclosures.

Work to be completed at Roosevelt Dam includes modifications to the dam, turbine replacement, and the contract for archeological services.

FY 1995 allotment	$9,797,000	FY 1996 request	$29,411,000
Prior year funds	31,991		
Non-Federal cash	3,409,000	Non-Federal cash	4,992,000
FY 1995 total program	$13,237,991	FY 1996 total program	$34,403,000

[1] These amounts reflect 38 percent of the total cost of Roosevelt Dam. This has been determined to be the Safety of Dams allocation using a Separable Costs Remaining Benefits (SCRB) analysis. The remainder of Roosevelt's costs are allocated to construction under the Central Arizona Project, LCRBDF, Regulatory Storage Division.

San Carlos Irrigation Project
Coolidge Dam
Arizona

Location This project, owned and operated by the Bureau of Indian Affairs, is located approximately 117 miles southeast of Phoenix in Pinal County, Arizona.

Description Fish and wildlife coordination activities will continue. Revegetation of the construction site will be completed.

FY 1995 allotment	$ 5,626,000	FY 1996 request	$974,000
Prior year funds	145,510		
FY 1995 total program	$5,771,510		

Safety of Dams . . . .

SOD Corrective Action Studies

Various States

Description This activity provides for corrective action studies to reduce the threat to the public, property, and natural resources and related premodification activities, such as evaluations of structural and nonstructural alternatives including early warning system effectiveness, economic project benefit analysis, environmental assessments, and initiation of public involvement activities.

FY 1995 allotment	$2,500,000	FY 1996 request	$2,500,000
Prior year funds	10,658		
FY 1995 total program	2,510,658		

Umatilla Project, Cold Springs Dam

Oregon

Location The project is located in north-central Oregon.

Description Dam safety modifications to raise the embankment crest, perform dynamic compaction, and construct a stability berm and drainage features will continue.

FY 1995 allotment	$5,892,000	FY 1996 request	$5,250,000

Yakima Project, Bumping Lake Dam

Washington

Location This project is located near Yakima County, Washington.

Description Safety of Dams deficiencies are overtopping of the dam and spillway failure during large flood events, liquefaction of the dam and foundation during seismic events, and piping of embankment material. Consequences of dam failure would be a threat to many lives, extensive economic damages, and loss of project benefits. Corrective action will be to stabilize embankment and foundation materials plus spillway outlet improvements and installation of an early warning system to protect the public during large flood events. The modification report has completed the 60-day Congressional action period. FY 1996 work will include ongoing construction.

FY 1995 allotment	$2,621,000	FY 1996 request	$1,825,000

CONSTRUCTION PROGRAM

SCHEDULE OF CONSTRUCTION PROGRAM FISCAL YEAR 1995 AND FISCAL YEAR 1996

	PROGRAM ITEM	ESTIMATED TOTAL	TOTAL TO SEPTEMBER 30 1994	FY 1995 PROGRAM	FY 1996 PROGRAM	BALANCE TO COMPLETE
1	BITTER ROOT PROJECT, COMO DAM	5,018,444	4,879,444	139,000		
2	BOISE, DEER FLAT DAM	18,419,107	18,166,107	253,000		
3	CENTRAL ARIZONA PROJECT	139,992,000	93,645,342	9,828,991	29,411,000	7,106,667
4	CROOKED RIVER, OCHOCO DAM	10,525,000		3,625,000	6,000,000	900,000
5	CUP VERNAL UNIT, STEINACKER DAM	8,284,679	8,255,679	29,000		
6	CVP, FOLSOM DAM	23,246,522	21,327,522	1,919,000		
7	CVP, O'NEILL DAM	6,494,614	6,494,614			
8	DEPARTMENT OF DAM SAFETY PROG	14,682,620	7,759,267	853,353	1,270,000	4,800,000
9	HYRUM PROJECT/DAM	854,841	854,841			
10	INITIATE SOD CORRECTIVE ACTION	374,158,090	46,733,184	10,080,906	38,175,000	279,169,000
11	LYMAN PROJECT, MEEKS CABIN DAM	6,963,596	6,711,596	252,000		
12	MINIDOKA, JACKSON LAKE DAM	78,089,668	78,089,668			
13	SALT RIVER, BARTLETT DAM	37,699,000	13,539,005	12,346,380	8,085,000	3,728,615
14	SALT RIVER, HORSESHOE DAM	24,464,000	19,675,180	2,869,893	1,103,000	815,927
15	SALT RIVER, STEWART MT DAM	37,486,067	36,598,538	887,529		
16	SAN CARLOS IRRIG, COOLIDGE DAM	46,743,000	39,776,182	5,771,510	974,000	221,308
17	SEEDSKADEE, FONTENELLE DAM	25,773,503	25,773,503			
18	SOD CORRECTIVE ACTION STUDIES	55,796,488	38,285,830	2,510,658	2,500,000	12,500,000
19	UMATILLA, COLD SPRINGS DAM	12,372,000	884,480	5,892,000	5,250,000	345,520
20	YAKIMA – CLEAR CREEK DAM	3,510,000	3,510,000			
21	YAKIMA, BUMPING LAKE DAM	5,086,000		2,621,000	1,825,000	640,000
9	SUBTOTAL	935,659,239	470,959,982	59,879,220	94,593,000	310,227,037
10	TOTAL OBLIGATIONS	935,659,239	470,959,982	59,879,220	94,593,000	310,227,037

CONSTRUCTION PROGRAM

SCHEDULE OF CONSTRUCTION PROGRAM FISCAL YEAR 1995 AND FISCAL YEAR 1996

	PROGRAM ITEM	ESTIMATED TOTAL	TOTAL TO SEPTEMBER 30 1994	FY 1995 PROGRAM	FY 1996 PROGRAM	BALANCE TO COMPLETE
1	METHOD OF FINANCING					
2	APPLICATION OF PRIOR YEAR FUNDS			2,823,220		
3	APPROPRIATION AVAILABLE & REQD			57,056,000	94,593,000	310,227,037
13	NONFEDERAL PARTICIPATION			6,564,330	5,899,000	2,189,556

SCIENCE AND TECHNOLOGY

SCIENCE AND TECHNOLOGY

The total program comprises seven separate research and technology activities: Energy and Water Product Efficiency Standards, Groundwater Recharge Demonstration Program, Improved River Basin Management Control System, Technology Advancement, Watershed Modeling Systems Initiative, Water Technology and Environmental Research, and Water Treatment Technology.

The Energy and Water Product Efficiency Standards program will review current standards and develop strategies to conserve both energy and water through synergistic efforts. Expert advice to various energy conservation programs outside Reclamation and to non-Federal entities may be provided on a cost-shared basis.

The Groundwater Recharge Demonstration Program has 11 projects in operation and two projects under construction demonstrating recharge technologies under various hydrogeological conditions. The program continues to have the active support and participation of non-Federal sponsors.

The Improved River Basin Management Control System program will improve both the operations and the efficiency of Reclamation's powerplants and enhance the management of the water supply facilities and associated resources. This program will take advantage of research completed during the past two decades to provide improved benefits to both water and power customers and at the same time protect and enhance the environment. The Reclamationwide application of system operations research and pilot programs conducted at the Grand Coulee and Hoover Dams has shown that the implementation of the Reclamation Alternative Modular Supervisory Control and Data System (RAMS) can improve power production capabilities, plant maintenance, and enhance the benefits of the resource management activities.

The Technology Advancement program is not a new project, but integrates activities in hydrometeorology, sedimentation, and water quality that were previously funded under other appropriations. Results are enhanced through cooperative efforts with other agencies to assure that Reclamation's dams and other structures are designed, modified, and operated to the latest professional standards for safety and environmental benefits. Products support benefits such as increased structural safety; water resources optimization including improved management for flood control, power generation and transmission, and droughts; and environmental protection and enhancement.

Watershed Modeling Systems Initiative is a cooperative interagency effort that will develop computer models and fully integrated data management systems. These systems will help water managers and water users increase environmental, economic, and social benefits of water systems and improve the management of water resource facilities.

The Water Treatment Technology program is directed toward problems and technology needs for water supply augmentation, water quality improvement, and water quality protection. The program is studying the potential to reduce the costs and environmental impacts of water treatment systems, develop commercially attractive technologies, improve surface and groundwater quality, and facilitate cost-effective conversion of previously unusable water resources to usable water supplies.

The Water Technology and Environmental Research program addresses a broad array of problem technology needs related to managing water-related resources. These studies reduce costs, enhance efficiencies and reliability, and reinforce environmental protection. Research categories include environmental quality in regulated aquatic ecosystems, optimizing competing water uses, water supply and conservation, power systems, infrastructure protection and enhancement, and technology transfer.

Summarized Financial Data

Science and Technology	Enacted FY 1995	Request FY 1996
Allotment	$ 8,212,000	$ 8,321,000
Application prior year funds	331,638	
Non-Federal cash	1,304,000	582,000
Non-Federal non-cash	932,000	729,000
Other Federal participation	630,000	615,000
Total program	$11,409,638	$10,247,000

Energy and Water Product Efficiency Standards

Location The 17 Western States, and other areas as appropriate through interagency agreements.

Description Executive Order 12902, Section 505, proposed "franchising," in which an agency would provide the services of its employees to another agency on a reimbursable basis. The Energy Policy Act of 1992 addresses the need to achieve energy efficiency and water conservation.

A task force of engineers and economists from Reclamation will develop innovative methods and review current standards for energy and water conservation. These are not only for internal Reclamation use but are also available to other agencies within and outside the Department of the Interior. The program will result in significant energy and water savings.

Duration Initiation: FY 1996 Completion: FY 1997

Cost-sharing Work performed for other agencies is reimbursed by them. Coordination with the Department of Energy and the Interagency Energy Management Task Force may also be cost-shared. In addition, if improvements will benefit non-Federal entities, they may be expected to provide funding.

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$900,000	-0-	-0-	$450,000	$450,000

Groundwater Recharge Demonstration Program

Location This program is Reclamationwide.

Description The Groundwater Recharge Demonstration Program, as authorized by Public Law 98-434, directs the Secretary of the Interior to carry out a two-phase program to study the potential for groundwater recharge in the 17 Western States and to demonstrate artificial recharge technologies at a minimum of 21 sites under a variety of hydrogeologic conditions. The demonstration project sites are located in areas having declining water tables; available surface water supplies; and a high probability of physical, chemical, and economic feasibility for recharge.

Phase I of the program was completed in December 1987 by a report to Congress from the Secretary of the Interior recommending 21 projects for construction. Phase II, construction, monitoring, and evaluation of the demonstration projects, was initiated in FY 1989 and is being carried out through the execution of cooperative agreements with local sponsors who are responsible for a minimum of 20 percent of project costs. Of the 21 projects recommended in Phase I, 11 projects are in operation, 2 projects are under construction, and 8 projects have been indefinitely postponed.

Authorization Public Law 98-434

Duration Initiation: FY 1986 Completion: FY 1997

Cost-sharing Thirty percent.

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$24,484,591	$20,548,491	$2,265,000	$771,000	$900,100
Prior year funds	143,509	-0-	143,509	-0-	
Non-Federal cash	8,691,451	7,825,451	834,000	32,000	-0-
Non-Federal non-cash	2,436,620	2,003,620	317,000	74,000	42,000
Total program	$35,756,171	$30,377,562	$3,559,509	$877,000	$942,100

The following table identifies the demonstration projects by State and gives the distribution of funding for FY 1996:

State	Project	Federal	Non-Federal
Arizona	Rillito Creek	$ 29,000	$ -0-
Idaho	S.W. Irrig. Dist.	249,000	66,000
Montana	Turner-Hogeland	65,000	17,000
Nevada	Washoe	162,000	23,000
Subtotal		$505,000	$106,000
Program Coordination/Economic Studies		266,000	- 0 -
Total Program		$771,000	$106,000

Cooperative agreements with project sponsors provide for design data collection, cultural surveys, and specifications of design; installation and operation of project facilities; and collection of water quality and water quantity data. The appropriated funds for Phase II represent approximately 70 percent of the total cost of the demonstration projects. The remainder will be provided by the non-Federal sponsors who will perform the work.

Improved River Basin Management Control System

Location Activities will be conducted in the 17 Western States. The Denver Technical Service Center will conduct the research in coordination with area and regional offices.

Description Operating efficiency of Reclamation water and power facilities will be improved through the replacement of computer control systems in powerplants. Wide utilization of the Reclamation Alternative Modular Supervisory Control And Data System (RAMS) makes it possible to take advantage of resource optimization research which has already been completed. This will improve both operations and efficiency at Reclamation water and power facilities because water and power will be sent exactly when and where they are needed without waste.

The result will be additional water and power revenues, as well as reduced replacement costs. The environment (especially endangered species) benefits directly from the improved river operation through better control of river flow.

Duration Initiation: FY 1996 Completion: FY 1998

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$1,200,000	-0-	-0-	$300,000	$900,000

Technology Advancement

Location This program is Reclamationwide.

Description Activities involving technological advances previously funded in the General Investigation and Operation and Maintenance appropriations have been consolidated in the Technology Advancement Program. This allows more efficient evaluation of the impacts of structural and non-structural modifications on the beneficiaries and the environmental resources. The results of the program are beneficial in all phases of Reclamation's programs, but are most applicable to construction because of the structural modification of existing facilities for safety, environmental, and resource management needs. Due to the high cost of structural modifications, non-structural improvements will be considered prior to structural modifications. Considerations for the protection of the downstream aquatic and riparian habitat will be made prior to operational changes or modifications to control structures. Necessary structural modifications and early warning systems will be designed using the latest professional standards.

Products consist of hydrometeorological reports that address important issues related to design storms and flood analyses, sedimentation studies, and state-of-the-art water quality modeling procedures. The hydrometeorological and sedimentation programs have been in place for decades. These activities allow Reclamation to coordinate with other Federal agencies in an effort to assure consistency of standards and analytical techniques and to conduct precipitation studies critical to the safety evaluation of structures.

The sedimentation program supports continued participation in the Federal Interagency Sedimentation Project, equipment standardization, development of procedures for collecting and analyzing sediment data, and predictions of impacts on aquatic habitat.

The water quality program activities focus on acquisition, adaption, and modification of water quality models to meet our resource management needs. Selected reservoir and stream models are used to evaluate water quality impacts of water conservation, environmental restoration, and other proposed management actions. Models, typically developed by other Federal agencies, are modified for Reclamation use at a significant cost saving. In 1996, products will include refining graphics displays and data analysis tools, developing capabilities to model heavy metals and toxins, testing on Reclamation sites, and reviewing new models so the best tools are adopted or updated.

Duration Moved to Construction in FY 1996 Completion: FY 1999

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$2,270,000	-0- 1/	-0- 1/	$300,000	$1,970,000

1/ Funding under other appropriations not shown here.

Water Technology and Environmental Research (WATER)

Location This project is Reclamationwide.

Description The WATER (Water Technology and Environmental Research) Program directly supports Reclamation's enhanced mission of water resources management. Under this research program, an integrated team of scientists, engineers, technicians, and support staff conduct field and laboratory studies and provide analytical and testing services to regional and area offices Reclamationwide. This research results in environmental protection and enhancement, increased efficiency and reliability, infrastructure protection and enhancement, more effective hydroelectric power generation and transmission, and reduced costs. The information developed not only benefits projects supported by Reclamation and its partners, but also water and power resource managers throughout the world.

Program Components

Environmental Quality in Managed Water Systems:

Reclamation places a high priority on environmental research. Research efforts under this component, which are integrated with those of the National Biological Survey and other partners, are focusing on environmental problems associated with water resources projects, particularly regulated water systems such as the Colorado River. Research thrusts for FY 96 include: protection and establishment of fisheries in reservoirs and waterways, retrofitting structures to enhance fish mitigation, development of wetlands for water quality control and wildlife habitat, protection of endangered species, control of harmful species of plants (such as hydrilla) and animals (such as the zebra mussel), and erosion control. Methods and procedures are also being developed to remove very harmful pollutants, such as selenium, from project waters.

FY 1995 allotment	$953,000	FY 1996 request	$1,214,000
Non-Federal cash	50,000	Non-Federal cash	50,000
Non-Federal non-cash	175,000	Non-Federal non-cash	175,000
Other Federal contributions	300,000	Other Federal contributions	300,000
Total program	$1,478,000	Total program	$1,739,000

Infrastructure Protection and Enhancement:

Research under this component develops and evaluates technologies to extend the service life and enhance the performance of the water resources infrastructure. Using the technical expertise and facilities available in Reclamation's laboratories, these studies will enhance Reclamation's ability to manage its existing resources; protect, maintain, and improve its facilities; develop partnerships with other Federal and non-Federal entities; and promote cooperative and effective stewardship of the Nation's infrastructure. The research in FY 1996 will include: developing new and cost-effective technologies in maintenance, rehabilitation, and modification of existing facilities including developing new operation and maintenance techniques to enhance efficiency and performance of the infrastructure and performing studies related to dam safety.

FY 1995 allotment	$500,000	FY 1996 request	$629,000
Non-Federal cash	80,000	Non-Federal cash	100,000
Other Federal contributions	95,000	Other Federal contributions	100,000
Total program	$675,000	Total program	$829,000

Optimizing Competing Water Uses:

Under this component, studies address basinwide reservoir operations and management. Optimization methods and operational strategies for reservoir operations will be developed to coordinate basinwide exchanges of power between Reclamation powerplants. Power production and distribution efficiencies will be increased so that water can be made available for other uses such as fish and wildlife habitat, boating, whitewater rafting, irrigation, municipal supply, and flood control. The research in FY 1996 will provide critical data for the development of predictive models to assist water resource managers in the planning and operation of facilities so that these multiple objectives can be met under conditions of changing water supply.

FY 1995 allotment	$250,000	FY 1996 request	$405,000

Power Systems:

During FY 1996, this research area will emphasize improving efficiency, safety, and operational reliability for generation and transmission of hydroelectric power. Efficiency improvements include developing computer technology for powerplant operation and maintenance, improving diagnostics of electronic power system components, and improving electric power reliability and stability. Special studies are directed toward enhancing electrical worker safety and reducing accidents in one of the most dangerous occupations in the United States. Assessment of electromagnetic field exposure levels in Reclamation facilities is also an important part of this component. This information is critical in determining safe exposure limits for personnel working with electrical current.

FY 1995 allotment	$300,000	FY 1996 request	$363,000
Non-Federal cash	50,000	Non-Federal cash	50,000
Non-Federal non-cash	10,000	Non-Federal non-cash	15,000
Other Federal contributions	100,000	Other Federal contributions	-0-
Total program	$460,000	Total program	$428,000

Research New Starts:

Research proposals from area offices and regional offices, as well as the Reclamation Service Center, will be evaluated and selected on the basis of responsiveness to Reclamation's new focus on water resources management. Other selection criteria include impact on Reclamation's goals, feasibility of accomplishment, and scientific and technological merits.

FY 1995 allotment	-0-	FY 1996 request	$100,000

Technology Transfer:

Reclamation plans an active technology transfer program in FY 1996 which enhances the competitive edge of American industry through cooperation with State and local governments, universities, and the private sector by placing increased emphasis on dissemination of findings, cooperative research and development agreements with non-Federal cooperators, and licensing of laboratory technology for commercialization. This component of the WATER program aims to meet the objectives of the Stevenson-Wydler Act of 1980 (Public Law 96-480), the Federal Technology Transfer Act of 1986 (Public Law 99-502), and other related authorities.

FY 1995 allotment	$400,409	FY 1996 request	$446,000
Non-Federal cash	100,000	Non-Federal cash	100,000
Non-Federal non-cash	100,000	Non-Federal non-cash	100,000
Total program	$600,409	Total program	$646,000

Water Supply and Conservation:

This component addresses research and technology transfer to encourage water conservation and increase water supply through improvements in the efficiency and management of water use. FY 1996 studies will investigate technologies to improve canal automation, water treatment, water reuse, water measurement, protection of ground water resources, aquifer storage and recovery, and canal linings. Water conservation research will address agricultural, municipal, and industrial water supply.

FY 1995 allotment	$500,000	FY 1996 request	$643,000
Non-Federal cash	90,000	Non-Federal cash	150,000
Non-Federal non-cash	5,000	Non-Federal non-cash	-0-
Other Federal contributions	135,000	Other Federal contributions	215,000
Total program	$730,000	Total program	$1,008,000

Authorization Public Law 57-161, Public Law 96-480, and Public Law 99-502.

Duration Ongoing.

Cost-sharing Twenty-six percent in FY 1996.

Summarized Financial Data
for WATER

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation 1/	$199,266,409	$112,333,585	$2,856,000	$3,800,000	$80,276,824
Prior year funds	47,409	-0-	47,409	-0-	-0-
Non-Federal cash	9,924,000	3,624,000	370,000	450,000	5,480,000
Non-Federal non-cash	4,413,000	1,313,000	290,000	290,000	2,520,000
Other Federal	4,766,000	2,876,000	630,000	615,000	645,000
Total program	$218,416,818	$120,146,585	$4,193,409	$5,155,000	$88,921,824

1/ Total estimated cost and Total to 9/30/94 contain $80,207,310 which was appropriated for research activities under General Investigations prior to FY 1989.

Water Treatment Technology (WTT)

Location This program is Reclamationwide.

Description The Water Treatment Technology program develops and applies new technology related to water treatment for water supply augmentation, water quality improvement, and water quality protection. These studies are directed at reducing costs and minimizing environmental impacts from salt removal, developing commercially attractive technologies, improving surface and groundwater quality, facilitating cost-effective conversion of previously unusable water resources to usable water supplies, and utilizing low-grade heat technologies for the control of salinity. The program promotes research work on advanced water treatment and membrane systems through cooperative partnerships with other Governmental agencies (foreign and domestic), private industry, academia, and users.

This 7-year program is managed through an interdisciplinary team of researchers and designers. Studies are accomplished through in-house laboratory facilities, a mobile water treatment laboratory, and cost-shared studies with others. The FY 1996 program will promote studies of advanced water treatment in cooperative projects with small communities, Indian communities, water districts, and commercial entities. Cost-shared studies will be supported by research institutes, universities, small entities, and technological firms to promote innovation in water treatment. Typical studies to be performed include:

Program Components

Encourage New Ideas from Independent Investigators:

Technology development research will be funded for promising ideas from individuals and small companies. Historically, some of the most significant "break throughs" in water treatment methods are the result of providing funding to entities who work independently from the larger research organizations.

FY 1995 allotment	$137,000	FY 1996 request	$100,000

Membrane Development:

To avoid duplication of effort, a consortium has been organized with the Department of Army, Navy, Environmental Protection Agency, National Institute of Standards and Technology, National Institutes of Health, and other Governmental agencies to coordinate and cost-share basic research on new water treatment membranes. Initial emphasis will be on studies and laboratory tests of low-cost, high-performance membranes, which minimize pretreatment, chemicals, and sludge. In FY 1996, results of initial studies and testing will be used for preliminary designs and cost estimates of possible cost-shared pilot plants at a scale suitable for moving the new membrane technologies into the private sector.

FY 1995 allotment	$150,000	FY 1996 request	$400,000
Non-Federal non-cash	75,000	Non-Federal non-cash	200,000
Total program	$225,000	Total program	$600,000

Small Community Water Treatment Systems:

Studies will be performed to assist various communities and Indian tribes in determining the best water treatment methods to meet their needs. Work will be accomplished using a mobile water treatment pilot plant at two sites in FY 1996 where treatment methods will be evaluated to determine the best technology to use on existing supplies.

FY 1995 allotment	$279,628	FY 1996 request	$370,000
Non-Federal non-cash	125,000	Non-Federal non-cash	105,000
Total program	$404,628	Total program	$475,000

Technology Transfer:

An active program will be conducted to transfer results to communities that benefit from the new developments by providing reports, brochures, and displays. In addition, Reclamation will continue to cosponsor technical meetings to assure transfer of new technology and to determine consensual desalting research needs.

FY 1995 allotment	$95,000	FY 1996 request	$110,000

Science and Technology . . . .

Wellhead Treatment Processes:

Cooperative studies with State and local water entities are being accomplished to develop water treatment systems that treat well waters of impaired quality, while producing lower concentration reject flows that can be used for other beneficial purposes. In FY 1996, the WTTP Mobile Water Treatment Laboratory will be utilized on-site at a number of native and small community wellheads to assist in resolving water treatment problems. The on-site testing will include a comprehensive evaluation and recommendation of the most effective and efficient water treatment processes.

FY 1995 request	$247,000	FY 1996 allotment	$285,000
Non-Federal non-cash	50,000	Non-Federal non-cash	25,000
Total program	$297,000	Total program	$310,000

Western Water Projects:

Cost-shared preliminary studies and lab testing are currently being initiated in partnership with private industry, universities, and local communities to study water treatment at specific sites that can result in significantly more usable water in the West. In FY 1996, cost-shared pilot plants will be installed at a scale suitable for the users to determine and support the entire funding of full-scale water treatment plants and move the technology into the private sector.

FY 1995 allotment	$658,000	FY 1996 request	$435,000
Non-Federal cash	100,000	Non-Federal cash	100,000
Non-Federal non-cash	75,000	Non-Federal non-cash	35,000
Total program	$833,000	Total program	$570,000

Authorization Public Law 98-242.

Duration Initiation: FY 1992 Completion: FY 1998

Cost-sharing Thirty percent.

Summarized Financial Data
for WTT

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$14,555,569	$3,969,569	$1,566,000	$1,700,000	$ 7,320,000
Prior year funds	628	-0-	628	-0-	
Non-Federal cash	1,700,000	800,000	100,000	100,000	700,000
Non-Federal non-cash	4,530,000	1,400,000	325,000	365,000	2,440,000
Total program	$20,786,197	$6,169,569	$1,991,628	$2,165,000	$10,460,000

Watershed Modeling Systems Initiative

Location	This program is Reclamationwide.

Description The Watershed Modeling Systems Initiative is a cooperative interagency research and development effort with the U.S. Geological Survey. It will develop computer models and fully integrated data management systems to help water managers and water users increase environmental, economic, and social benefits of water systems and improve the management of water resource facilities. These models and data base systems could be applied to any Reclamation watershed and will:

Improve environmental quality, including protection and enhancement of wetlands and protection of endangered species; improve water quality, including reduction of salinity; preserve in-stream and riparian habitat; and provide other nonmonetary benefits.

Increase the benefits associated with various water uses such as municipal and industrial water supply, agriculture, instream uses, hydropower, and recreation, utilizing the existing water resource infrastructure of dams, reservoirs, canals, pipelines, and hydroelectric generating facilities.

Increase the availability of water by more efficient water management and by reducing losses.

Reclamation's efforts in the program will focus on development and improvement of data management and modeling tools. These include modeling of system operations, water management and deliveries, maintaining flows for protection of endangered species and enhancement of aquatic habitat, and improving the efficiency of agricultural water use. Specific topics include: water use, land use, simulation of the water rights system, balancing project benefits, optimization of system operations, stochastic hydrologic modeling, nested regional/local scale atmospheric precipitation modeling, operational runoff forecasting, real-time reservoir operations modeling, and decision support systems. The U.S. Geological Survey will fund its part of the effort.

Duration Initiation: FY 1995 Completion: 1998

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$4,000,000	-0-	$1,000,000	$1,000,000	$2,000,000

CONSTRUCTION PROGRAM

SCHEDULE OF CONSTRUCTION PROGRAM FISCAL YEAR 1995 AND FISCAL YEAR 1996

	PROGRAM ITEM	ESTIMATED TOTAL	TOTAL TO SEPTEMBER 30 1994	FY 1995 PROGRAM	FY 1996 PROGRAM	BALANCE TO COMPLETE
1	.ENERGY/WTR PRODUCT EFF STNDRDS	900,000			450,000	450,000
2	GLOBAL CLIMATE CHANGE	8,721,785	8,056,693	665,092		
3	GROUNDWATER RECHARGE DEMO PRGM	24,628,100	20,548,491	2,408,509	771,000	900,100
4	IMPROVED RIVER BASIN MGMT CTRL	1,200,000			300,000	900,000
5	TECHNOLOGY ADVANCEMENT	2,270,000			300,000	1,970,000
6	WATER TREATMENT TECHNOLOGY	14,556,197	3,969,569	1,566,628	1,700,000	7,320,000
7	WATERSHED MODELING SYS INITIAT	4,000,000		1,000,000	1,000,000	2,000,000
8	WTR TECHN/ENVIRONMNTL RESEARCH	119,106,508	32,126,275	2,903,409	3,800,000	80,276,824
9	SUBTOTAL	175,382,590	64,701,028	8,543,638	8,321,000	93,816,924
10	TOTAL OBLIGATIONS	175,382,590	64,701,028	8,543,638	8,321,000	93,816,924
9	METHOD OF FINANCING					
10	APPLICATION OF PRIOR YEAR FUNDS			331,638		
11	APPROPRIATION AVAILABLE & REQD			8,212,000	8,321,000	93,816,924
12	OTHER FEDERAL PARTICIPATION			630,000	615,000	645,000
13	NONFEDERAL PARTICIPATION			1,304,000	582,000	6,180,000

EMERGENCY FUND

Description

The Emergency Fund program ensures continuous delivery of benefits in the event of an unusual or emergency situation. Damage to natural, human, and manmade resources would be mitigated to the greatest extent possible.

FY 1996 Program

No funds are requested for FY 1996. Carryover funds of $1.5 million are expected to be available to ensure continuous operation of projects and project facilities in the event of drought; canal bank, pipeline, or electrical facility failures; municipal and industrial water delivery system failures; or other unusual or emergency conditions which cause or threaten to cause the interruption of water or power service.

Summarized Financial Data

Emergency Fund	Enacted FY 1995	Request FY 1996
Appropriation	$1,000,000	- 0 -
Application of prior year funds	1,117,000	$1,500,000
Total program	$2,117,000	$1,500,000

LOAN PROGRAM

Project or Item	Page Number
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LOAN PROGRAM

Description

Under the Small Reclamation Projects Act of 1956 (Public Law 84-984) the Federal Government, in partnership with local districts, finances projects to conserve water by upgrading less efficient facilities, improve water quality, enhance fish and wildlife, and support Indian self-sufficiency through loans to Native American Indian projects.

FY 1996 Program

Funds are requested to continue seven ongoing and one new loan (Douglas County-Milltown Hill), loan program administration, and for a new program format. Reclamation is proposing to replace the existing loan program with a revised program - one which would be more narrowly focused. A streamlined application process will make the revised program more responsive. The revised program would provide assistance for public benefits such as water conservation, fish and wildlife protection and public safety.

Program Highlights

Native American

This year's program contains funding to continue two projects for Native Americans.

The Schuk Toak Indian Community loan provides funding for a distribution system that will enable the District to efficiently utilize existing water supplies. A grant for the Ute Mountain Ute Indian Tribe will provide funds to assist in the development of lands while utilizing water supplies provided by the Dolores Project.

Reclaimed Water

Four of the ongoing loans -- Eastern Municipal Water District No. 3, Chino Basin, Castroville Irrigation, and the Salinas Valley Reclamation Project will provide opportunities for reclaiming water, either through water reuse or water reclamation. These loans will contribute increased public benefits for threatened wetlands, endangered species, irrigation, recreation, instream uses, outdoor recreation, and conservation.

Water Supply

Two loans in the FY 1996 program -- the Temescal Valley Project, and Douglas County -- concentrate on creating and maintaining a dependable water supply. The improved or restored water facilities will assure a steady and dependable water supply which will result in improved water conservation, drought management opportunities, improve crop yields, fish and wildlife enhancement, recreation, fire protection, municipal and industrial use, rural domestic supplies, and irrigation.

Summarized Financial Data

Loan program	Enacted FY 1995	Request FY 1996
Appropriation	$ 9,600,000	$16,668,000
Application of prior year funds	8,908,000	- 0 -
Other Federal participation	7,690,000	9,581,000
Total obligations	$26,198,000	$26,249,000
Non-Federal participation - services	11,951,000	33,222,000
Total program	$38,149,000	$59,471,000

NOTE: The Other Federal participation (Treasury portion) is an estimate at this time.

BUREAU OF RECLAMATION
LOAN PROGRAM

Detail of Funding FY 1995 and FY 1996
(in thousands of dollars)

Project or Study	Fiscal Year 1995				Fiscal Year 1996		
	New Budget Authority	Prior Year Funds Available	Other Federal Funding	Total	New Budget Authority	Other Federal Funding	Total
Castroville Irrigation Water Supply	1,064	0	691	1,755	1,500	1,210	2,710
Chino Basin Desalination Project	900	0	978	1,878	1,100	1,617	2,717
The Dalles Irrigation District	1,286	0	638	1,924	0	0	0
Douglas County – Milltown Hill	0	0	0	0	100	55	155
Eastern Municipal Water District #3	2,000	33	2,196	4,229	2,200	3,800	6,000
Elsinore Valley Municipal Water District	0	55	0	55			
Fort McDowell Indian Community	0	8,820	1,987	10,807	0	0	0
Salinas Valley Reclamation Project	900	0	570	1,470	1,100	880	1,980
Temescal Valley Project	350	0	270	620	700	697	1,397
Tohono O'odham Schuk Toak	1,000	0	360	1,360	3,043	1,322	4,365
Ute Mountain Ute	1,500	0	0	1,500	1,500	0	1,500
New Loan Program Activity	0	0	0	0	5,000	0	5,000
Subtotal	9,000	8,908	7,690	25,598	16,243	9,581	25,824
Loan Administration	600	0	0	600	425	0	425
TOTAL – LOAN PROGRAM	9,600	8,908	7,690	26,198	16,668	9,581	26,249

NOTE: The Other Federal Funding (Treasury portion) is an estimate at this time.

Castroville Irrigation Water Supply Project
California

Location This project is located in the Castroville area of the Salinas Valley, Monterey County, California.

Description The Monterey County Water Resources Agency (MCWRA) is proposing a project consisting of: (1) a 12,049 acre irrigation distribution system; (2) capping water wells which extend into the intruded aquifer; (3) acquiring and maintaining wells to pump 12,050 acre feet of water per year; (4) implementing a water conservation plan with a saving goal of 20 percent or 6,000 acre feet of water per year; and (5) purchasing 19,450 acre feet of reclaimed wastewater per year.

The purchase of reclaimed wastewater, which is presently being disposed of to Monterey Bay, will be used to replace groundwater being pumped for agricultural irrigation. Additionally, it allows conservation of water in Nacimiento and San Antonio reservoirs to the benefit of the Golden Eagle and fish living in these reservoirs; and it reduces the discharge of secondary treated wastewater into Monterey Bay National Marine Sanctuary. This minimizes impacts of conventional pollutants on aquatic life, adverse impact of toxic pollutants, and potential contamination of beaches.

Construction of this project is scheduled to begin in FY 1995. The MCWRA will use funds from its revenues to supply their contribution to this project. The MCWRA will purchase reclaimed wastewater from the Monterey Regional Water Pollution Control Agency (MRWPCA). If it is determined the aquifer is feasible as a regulatory reservoir, then no groundwater would be needed to supplement the reclaimed wastewater.

Duration Initiation: FY 1995 Completion: FY 2000

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$16,036,000	$ - 0 -	$1,064,000	$1,500,000	$13,472,000
Non-Federal	11,049,900	5,270,000	4,671,000	550,000	558,900
Other Federal	16,414,000	- 0 -	691,000	1,210,000	14,513,000
Total program	$43,499,900	$5,270,000	$6,426,000	$3,260,000	$28,543,900

Chino Basin Desalination Project
Santa Ana Watershed Project Authority
California

Location This project is located in the Santa Ana Watershed - Chino Basin Aquifer in Riverside and San Bernardino Counties.

Description This project will enable contaminated water to be pumped from the Chino Basin Aquifer and treated at the two proposed desalting plants. The resulting brine and contaminants will be discharged into the Santa Ana Regional Interceptor Pipeline, and the reclaimed water will be pumped into the existing water supply system to be used for agriculture and municipal and industrial use. The project will remove 15,000 tons of brine and contaminants from the aquifer. Features of the project include construction of 10 groundwater production wells, two desalting plants, storage facilities, and approximately 20 miles of pipeline.

The Chino Basin Aquifer is the area's major source of water. High salt concentration in the lower Chino Groundwater Basin impacts agricultural production in addition to threatening wetlands containing endangered species along the Santa Ana River and potable water supplies in Orange County. Concentrations of total dissolved solids (tds) in the Basin are as high as 1,850 milligrams per liter with nitrates exceeding safe drinking water standards by as much as 950 percent. Rising ground water downstream from the agricultural area contributes 5 to 10 percent of the river's base flow but is responsible for 30 to 40 percent of the nitrate and 50 percent of the tds load. Project implementation will result in reduced tds levels in irrigation water and will increase crop yields in addition to other valuable dairy industry and national resource objectives.

Duration Initiation: FY 1995 Completion: FY 2000

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$ 9,984,000	$ - 0 -	$ 900,000	$1,100,000	$ 7,984,000
Non-Federal	15,623,000	- 0 -	550,000	4,000,000	11,073,000
Other Federal	22,060,000	- 0 -	978,000	1,617,000	19,465,000
Total program	$47,667,000	$ - 0 -	$2,428,000	$6,717,000	$38,522,000

The Dalles Irrigation District
Oregon

Location This project is located in Wasco County, Oregon, just south of the city of The Dalles.

Description The primary purposes of this project are to rehabilitate the irrigation system pumping plants and regulating reservoir and to increase the capacity of the irrigation distribution system. The District would like to increase the water supply capacity to better meet existing peak irrigation demands, improve crop yields, and minimize system downtime caused by pumping plant overload and shutdown. About 319 acres of land which is currently irrigated would be incorporated into the district as a result of this project. This will enhance and help maintain a viable economy in a depressed rural area.

In addition to correcting the operation deficiencies of the existing Federal infrastructure, other benefits of this project are further protection of the juvenile salmon, reduction of deep percolation which will decrease the potential movement of nitrate and herbicide contaminants into domestic wells, and improve cooperative monitoring of existing landslide areas in the city of The Dalles.

Duration Initiation: FY 1995 Completion: FY 1995

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$1,286,000	$ - 0 -	$1,286,000	$ - 0 -	$ - 0 -
Non-Federal	930,000	200,000	730,000	- 0 -	- 0 -
Other Federal	638,000	- 0 -	638,000	- 0 -	- 0 -
Total program	$2,854,000	$200,000	$2,654,000	$ - 0 -	$ - 0 -

Douglas County - Milltown Hill
Oregon

Location This project is located approximately 6 miles east of Yoncalla, Oregon, at river mile 39.4 of Elk Creek, a major tributary of the Umpqua River.

Description A 186-foot high roller-compacted concrete dam would be constructed to impound about 24,140 acre-feet of water. Recreation facilities would be constructed adjacent to the reservoir. In addition, a gravity pressure distribution pipeline would be constructed to deliver water to the nearby Yoncalla and Scotts Valley areas. The project would provide water for water quality improvement, fish and wildlife enhancement, streamflow enhancement, recreation, fire protection, municipal and industrial use, rural domestic supplies, and irrigation. In addition, the dam would provide flood control, facilitate downlisting of the threatened Columbia whitetailed deer, and enhance economic development in an economically depressed area.

Duration Initiation: FY 1996 Completion: FY 2000

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$17,274,000	$ - 0 -	$ - 0 -	$ 100,000	$17,174,000
Non-Federal	9,822,000	6,800,000	1,000,000	2,022,000	- 0 -
Other Federal	12,133,000	- 0 -	- 0 -	55,000	12,078,000
Total program	$39,229,000	$6,800,000	$1,000,000	$2,177,000	$29:252,000

Eastern Municipal Water District No. 3
California

Location This project is located in southwestern Riverside County from north of the San Diego County line to the city of Riverside and easterly to the San Jacinto Mountains.

Description The project will provide reclaimed water to over 21,000 acres of irrigated land and will provide over 23,000 acre-feet of municipal and industrial water as well as provide reclaimed water for expansion of three separate wetlands, covering approximately 600 acres, thus preserving treated potable water that would have been lost without the proposed system.

Recycling reclaimed water will also provide other important benefits such as establishment of recreational parks and greenbelts, enhancement of wetlands and wildlife habitat, and the recharge of surplus reclaimed water into underground aquifer systems for water quality enhancement and for future drought (banking) management.

Duration Initiation: FY 1992 Completion: FY 1997

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$13,395,000	$ 7,899,266	$2,032,734	$2,200,000	$1,263,000
Non-Federal	13,621,400	5,300,000	2,000,000	3,000,000	3,321,400
Other Federal	17,655,000	9,034,108	2,196,164	3,800,000	2,624,728
Total program	$44,671,400	$22,233,374	$6,228,898	$9,000,000	$7,209,128

Salinas Valley
Water Reclamation Facility for Crop Irrigation
California

Location This project is located in Marina, California, with the reclaimed wastewater to be used in the Castroville area of the Salinas Valley, Monterey County, California.

Description The Monterey Regional Water Pollution Control Agency (MRWPCA) is proposing to construct a tertiary wastewater treatment facility to treat wastewater to meet irrigation requirements. The MRWPCA will sell this reclaimed wastewater to the Monterey County Water Resources Agency (MCWRA) to irrigate crops in the Castroville area.

Presently, wastewater is treated to secondary standards and discharged to Monterey Bay, which has been designated as a National Marine Sanctuary. This project will permit this wastewater to be reclaimed and used for irrigation in place of groundwater. This will help mitigate the groundwater overdraft and seawater intrusion problem being experienced in the Castroville area.

Duration Initiation: FY 1995 Completion: FY 2000

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$10,212,000	$ - 0 -	$ 900,000	$1,100,000	$ 8,212,000
Non-Federal	6,900,000	350,000	2,000,000	4,000,000	550,000
Other Federal	10,207,000	- 0 -	570,000	880,000	8,757,000
Total program	$27,319,000	$350,000	$3,470,000	$5,980,000	$17,519,000

Temescal Valley Project
Elsinore Valley Municipal Water District
California

Location This project is located 60 miles east of Los Angeles and 20 miles south of Riverside.

Description The project will convey, store, and distribute Woodcrest Project water to Temescal Valley for agricultural and municipal and industrial usage. Features include 9.8 miles of pressurized transmission main, 3.7 miles of 24-inch distribution main (4 lines), one 8 million-gallon storage tank, three 5 million-gallon storage tanks, three ground-water production wells, and appurtenant facilities.

Water delivery facilities which presently serve the project area were constructed in the 1920's. Approximately 100,000 linear feet of these facilities are cast-in-place concrete pipe. The facilities are decaying and must be replaced with modern facilities in order to assure a steady and dependable water supply to the project area. This gravity-fed pressurized system will improve water delivery capability with increased flexibility and control of operations resulting in improved water conservation and drought management opportunities. Dependency on depleting groundwater supplies will be reduced along with the energy costs associated with pumping water. Water quality will be enhanced by integrating and blending water supplies.

Duration Initiation: FY 1995 Completion: FY 2000

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$ 8,001,000	$ - 0 -	$ 350,000	$ 700,000	$ 6,951,000
Non-Federal	11,659,000	- 0 -	500,000	2,000,000	9,159,000
Other Federal	14,249,000	- 0 -	270,000	697,000	13,282,000
Total program	$33,909,000	$ - 0 -	$1,120,000	$3,397,000	$29,392,000

Tohono O'odham Nation - Schuk Toak District
Arizona

Location This project is located approximately 20 miles west of Tucson in Pima County.

Description The project will provide a distribution system that will enable the District to utilize the water delivered under the terms of the Southern Arizona Water Rights Settlement Act of 1982 (Public Law 97-293). Features include development of an on-farm irrigation system for 2,668 acres of agricultural land. This project requires land leveling and construction of canals, pipelines, and tile drains for removal of excess groundwater from irrigated lands and operation and maintenance facilities.

Duration Initiation: FY 1995 Completion: FY 1997

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$ 5,307,000	$ - 0 -	$1,000,000	$ 3,043,000	$1,264,000
Non-Federal	19,150,000	- 0 -	500,000	17,650,000	1,000,000
Other Federal	2,273,000	- 0 -	360,000	1,322,000	591,000
Total program	$26,730,000	$ - 0 -	$1,860,000	$22,015,000	$2,855,000

Ute Mountain Ute
Colorado

Location This project is located on the Ute Mountain Ute Indian Reservation in southwestern Colorado near the Four Corners Monument.

Description The project will allow the Ute Mountain Ute Indian Tribe M&I facilities to utilize water supplies provided by the Dolores Project. The project would develop and equip a 7,634 acre sprinkler-irrigated agricultural enterprise for the Tribe which would provide quality employment opportunities to Tribal members and return a profit to the Tribe.

The project area is essentially without water because of long standing water rights issues. Many Tribal members will have potable water for the first time since water has to be transported into the area by truck. The town of Towaoc, Colorado, lacks a potable water system.

Land preparation, installation of sprinklers and supply lines, construction of farm headquarters, shops, storage buildings and fences will convert range land into sprinkler irrigated farm land.

This grant of $3 million will be used to perform cultural resources work associated with development of the irrigated agricultural system.

Duration Initiation: FY 1995 Completion: FY 1996

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$3,000,000	$ - 0 -	$1,500,000	$1,500,000	$ - 0 -

Loan Administration

Description	This program is used for the processing of potential loans, negotiation of contracts, and similar activities. These activities are performed prior to the granting of the loan and, therefore, require an independent source of financing. Upon execution of a contract for a loan under this program, all administrative costs incurred on the specific proposal to that time, as well as all future costs, are charged to the organization securing the loan and are repaid in accordance with the loan agreement. Since the authorizing acts make no provision for the collection of funds spent on unsuccessful applications or on administrative functions not assignable to specific loans, a portion of these administrative funds is considered nonreimbursable.
Duration	Ongoing
Funding	The estimated funding for FY 1996 is $425,000, which is $175,000 less than FY 1995.

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GENERAL INVESTIGATIONS

Description

The FY 1996 General Investigations (GI) program reflects Reclamation's continued emphasis on water resources management and conservation. The FY 1996 program promotes those studies which identify ways to meet current and future water quality, quantity, and environmental needs through enhanced management of existing Reclamation and non-Federal facilities, and through nonstructural or minor structural solutions.

FY 1996 Program

The FY 1996 proposed budget contains 35 ongoing studies and 14 new studies for a total program of $13,602,000.

Program Highlights

Water Management

Improved water management is the main focus of the FY 1996 GI program. Included in the fourteen new studies are seven studies which concentrate on effective management of water. These studies are the Ashley\Brush Creeks Optimization Study, Lower Colorado Indian Water Management Study, Nebraska Water Supply Assessment, Oklahoma Water Supply Study, Rio Grande\Rio Bravo International Basin Assessment, Southern California Coastal Water Supply Study, and the Southwest Colorado Rural Water Supply Study. These studies will be a cooperative effort between Reclamation and State and local governments and water districts. Development of management plans for multipurpose use of water supplies is a vital part of successful innovative water management.

Water Conservation

Water conservation is a principal element to more effective water management. All the water management studies in the GI program identify water conservation measures. Studies such as the Rio Grande/Low Flow Conveyance Channel Study will analyze various hydrologic scenarios and will evaluate possible changes to address water conservation, wildlife management, water quality, and environmental considerations while minimizing operation and maintenance costs.

Water Quality and Quantity

Both new and ongoing planning studies deal with the quality and quantity of the water supply. An example of this is the Kansas Comprehensive Investigation which will evaluate Reclamation projects within the State for their effectiveness in meeting future availability of water. Another new start in FY 1996 is the Nebraska Water Supply Assessment which is a cooperative effort to provide the State and Indian Reservations analyses on possible water supply problems due to groundwater contamination.

Fish and Wildlife and Endangered Species

Effective management of the ecosystem includes the protection and enhancement of fish and wildlife resources, and the management and recovery of endangered species. At least 20 studies in the FY 1996 GI program are either directly or indirectly committed to the preservation\restoration and enhancement of fish and wildlife and/or endangered species.

Five of the new studies in FY 1996 have the restoration and preservation of fish and wildlife as their number one priority. These studies are the Washington River Basin Planning, Southern Oregon Coastal River Basins, Lower Owens River Environmental Study, Malibu Creek Fishery Enhancement Study, and the Yellowstone River Basin Study.

Water Reclamation and Reuse

Reclaiming and reusing water is vital to improving the management and use of the Nation's water resources. Reclaimed water is a dependable, abundant, and under-utilized water supply source.

The coordination and implementation of large-scale uses of reclaimed water, and plans for developing dependable water supplies through the use of reclaimed water, can defer more drastic and costly measures in meeting increasing water demands. Reclamation will work to overcome institutional barriers and coordinate local interests.

New Studies

The 14 new studies for FY 1996 are:

1. Ashley\Brush Creeks Optimization Study, UT
2. Kansas Comprehensive Investigation, KS
3. Lower Colorado Indian Water Management Study, AZ, CA, NV
4. Lower Owens River Environmental Study, CA
5. Malibu Creek Fishery Enhancement Study, CA
6. Nebraska Water Supply Assessment, NE
7. Oklahoma Water Supply Study, OK
8. Rio Grande\Low Flow Conveyance Channel Study, NM
9. Rio Grande\Rio Bravo International Basin Assessment, TX
10. Southern California Coastal Water Supply Study, CA
11. Southern Oregon Coastal River Basins, OR
12. Southwest Colorado Rural Water Supply Study, CO
13. Washington River Basin Planning, WA
14. Yellowstone River Basin Study, MT

Summarized Financial Data

General Investigations	Enacted FY 1995	Request FY 1996
Appropriation	$14,190,000	$13,602,000
Application of prior year funds	1,424,000	- 0 -
Non-Federal participation - cash	1,130,000	750,000
Total obligations	$16,744,000	$14,352,000
Non-Federal participation - services	5,598,000	6,091,000
Total program	$22,342,000	$20,443,000

BUREAU OF RECLAMATION
GENERAL INVESTIGATIONS PROGRAM

Detail of Funding FY 1995 and FY 1996
(in thousands of dollars)

Project or Study	Fiscal Year 1995				Fiscal Year 1996		
	New Budget Authority	Prior Year Funds Available	Non Federal Contri–butions	Total	New Budget Authority	Non Federal Contri–butions	Total
ONGOING							
American River/Folsom South Optimization	400	28	400	828	0	0	0
Bear River Basin Water Quality	0	23	81	104	100	81	181
Black Hills Regional Water Management	100	0	100	200	150	150	300
Carlton Lake Restoration	200	0	150	350	50	100	150
Central Oregon Irrigation	75	0	100	175	200	200	400
Colorado River Water Quality Imp. Prog.	1,145	8	0	1,153	375	0	375
Drought Investigations Program	80	0	0	80	40	0	40
Edwards Aquifer Regional Water Supply	240	5	240	485	240	240	480
Environmental & Interagency Coord.	1,695	297	0	1,992	1,877	0	1,877
Fish & Wildlife Preservation/Rstn/Enhnc	0	0	0	0	50	50	100
Fort Peck Indian Reservation	150	3	0	153	0	0	0
General Planning Studies	1,970	135	0	2,105	2,435	0	2,435
Grand Valley Project Water Conservation	63	4	63	130	50	50	100
Grande Ronde River Basin	59	0	100	159	200	100	300
Idaho River Systems Management	100	0	100	200	100	100	200
Imperial Valley Agricultural Drainage	75	0	75	150	175	175	350
Investigation of Existing Projects	512	158	0	670	540	0	540
Josephine County Water Mgmnt. Study	0	50	0	50	0	0	0
Lower Colorado River Regulatory Storage	150	22	300	472	0	0	0
Lower Rio Grande Basin Study	175	54	175	404	0	0	0
Middle Rio Grande Water Assessment	100	31	175	306	0	0	0
Minor Work on Completed Projects	170	129	0	299	150	0	150
Missouri River Basin Indian Tribes	250	0	0	250	250	0	250
Musselshell River Water Management	50	25	50	125	0	0	0
Northwest Oregon Regional Water Supply	250	0	300	550	300	310	610
Oregon Stream Restoration	200	0	200	400	150	150	300
Oregon Subbasin Conservation	200	0	200	400	200	220	420
Owyhee Project Storage Optimization	150	10	150	310	50	50	100
Pallid Sturgeon Recovery	140	0	140	280	140	140	280
Pecos River Basin F&W Water Quality	50	15	50	115	0	0	0
Reclamation Wastewater Studies	0	32	0	32	0	0	0
Rincon Bayou– Nueces Marsh	90	0	125	215	150	125	275
Rio Puerco Watershed/Water Quality	200	0	150	350	0	0	0
Salton Sea Research	100	99	200	399	0	0	0
San Francisco Area Water Rec. Study	790	0	790	1,580	700	1,500	2,200
San Juan Gallup/Navajo Water Supply	200	0	100	300	0	0	0
Southern CA Comp. Water Supply	325	63	675	1,063	750	510	1,260
Technical Assistance to States	1,841	113	0	1,954	1,665	0	1,665

BUREAU OF RECLAMATION
GENERAL INVESTIGATIONS PROGRA

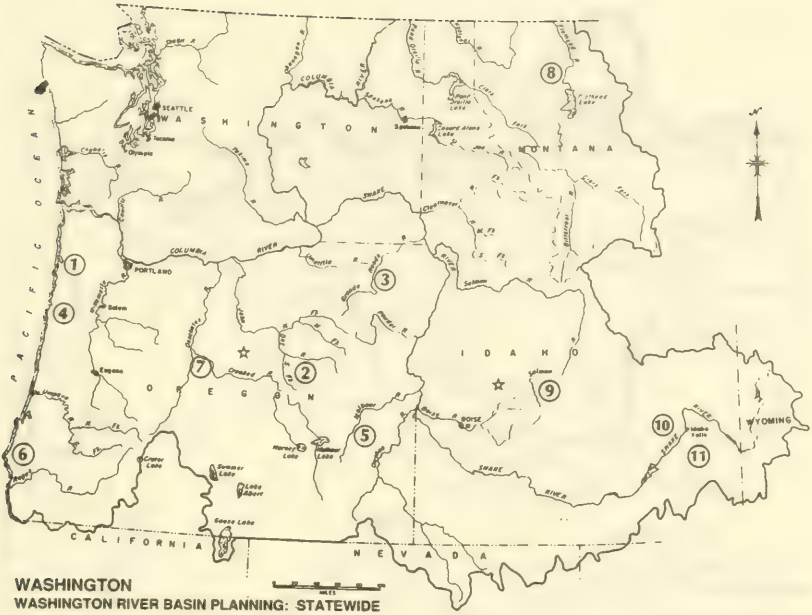
Detail of Funding FY 1995 and FY 1996
(in thousands of dollars)

Project or Study	---Fiscal Year 1995----				---Fiscal Year 1996---		
	New Budget Authority	Prior Year Funds Available	Non Federal Contri-butions	Total	New Budget Authority	Non Federal Contri-butions	Total
ONGOING (continued)							
Tri-County Feasibility Study	150	0	0	150	0	0	0
Tucson/Phoenix Water Conservation	300	2	0	302	50	50	100
Upper Deschutes Project	120	0	105	225	50	200	250
Upper Salmon River Water Optimization	100	0	125	225	150	150	300
Upper San Pedro River Optz	0	4	34	38	0	0	0
Upper Snake River Basin Storage	200	24	200	424	200	100	300
Upper Snake River Salmon Migration	300	0	350	650	250	300	550
Utah Lake Water Mgmnt. Study	0	5	0	5	0	0	0
Verde River Basin Management	125	0	125	250	125	125	250
Weber Basin Water Quality/Watershed	150	1	150	301	100	100	200
Western Montana Water Conservation	200	21	200	421	200	200	400
West Texas & Southern NM Water	150	63	150	363	0	0	0
Yampa River Water Supply Study	100	0	100	200	50	100	150
Subtotal - Ongoing	14,190	1,424	6,728	22,342	12,262	5,576	17,838
FY 1996 NEW STUDIES							
Ashley/Brush Creeks Optimization Study					75	75	150
Kansas Comprehensive Investigation					100	100	200
Lower Colorado Indian Water Mgmnt Study					75	0	75
Lower Owens River Environmental Study					100	100	200
Malibu Creek Fishery Enhancement Study					50	50	100
Nebraska Water Supply Assessment					100	100	200
Oklahoma Water Supply Study					100	100	200
Rio Grande/Low Flow Conveyance Channel					100	100	200
Rio Grande/Rio Bravo Intern. Bsn Asst					200	200	400
Southern California Coastal Water Supply					50	50	100
Southern Oregon Coastal River Basins					100	100	200
Southwest Colorado Rural Water Supply					75	75	150
Washington River Basin Planning					75	75	150
Yellowstone River Basin Study					140	140	280
Subtotal - New Studies	14,190	1,424	6,728	22,342	1,340	1,265	2,605
TOTAL - GENERAL INVESTIGATIONS	14,190	1,424	6,728 1/	22,342	13,602	6,841 2/	20,443

1/ Includes $1,130,000 cash and $5,598,000 in-kind services.
2/ Includes $750,000 cash and $6,091,000 in-kind services.

GENERAL INVESTIGATIONS

NEW STUDIES



WASHINGTON

☆ WASHINGTON RIVER BASIN PLANNING: STATEWIDE

OREGON

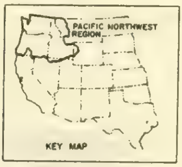
1 CARLTON LAKE RESTORATION STUDY
2 CENTRAL OREGON IRRIGATION SYSTEM CONSERVATION FEASIBILITY STUDY
3 GRANDE RONDE WATER OPTIMIZATION STUDY
4 NORTHWEST OREGON REGIONAL WATER SUPPLY STUDY
5 OWYHEE PROJECT STORAGE OPTIMIZATION STUDY
6 SOUTHERN OREGON COSTAL RIVER BASINS
7 UPPER DESCHUTES RIVER BASIN WATER CONSERVATION PROJECT
☆ OREGON STREAM RESTORATION PLANNING STUDY: STATEWIDE
☆ OREGON SUBBASIN CONSERVATION PLANNING: STATEWIDE

MONTANA

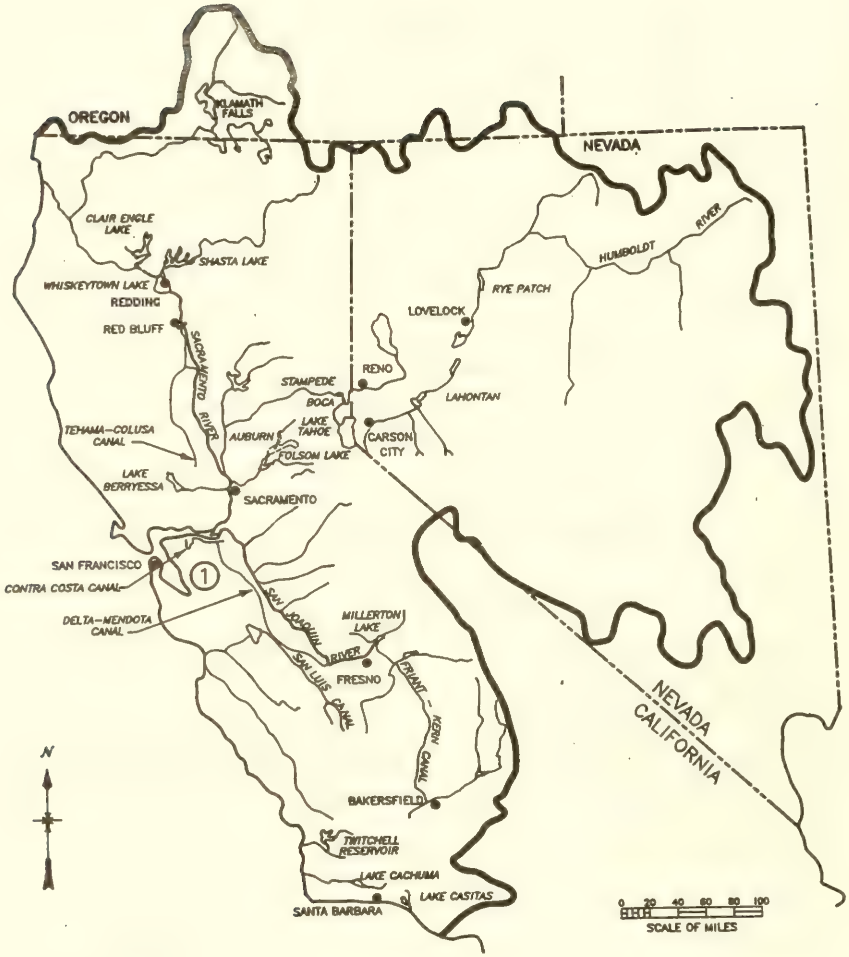
8 WESTERN MONTANA WATER CONSERVATION STUDY

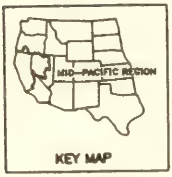
IDAHO

9 UPPER SALMON RIVER WATER OPTIMIZATION STUDY
10 UPPER SNAKE RIVER BASIN STORAGE OPTIMIZATION
11 UPPER SNAKE RIVER BASIN SALMON MIGRATION WATER STUDY



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
PACIFIC NORTHWEST REGION
PROPOSED PROGRAM
OF
GENERAL INVESTIGATIONS
FY 1996
January 1995





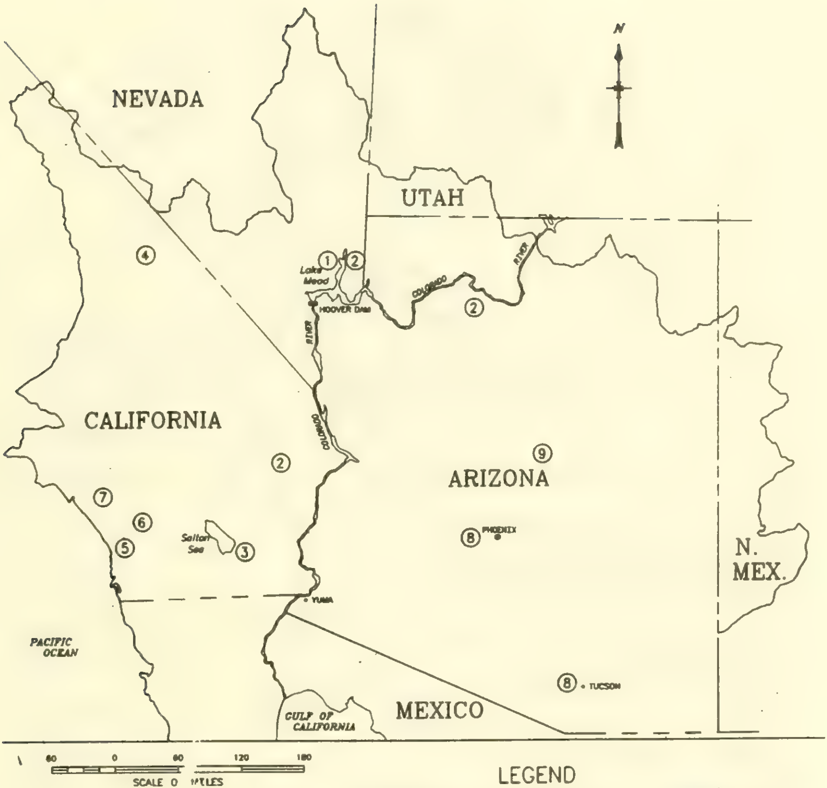
1 San Francisco Area Water Reclamation Study

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

MID-PACIFIC REGION

PROPOSED PROGRAM OF
GENERAL INVESTIGATIONS

FEBRUARY 1995



LEGEND

CALIFORNIA

2 LOWER COLORADO INDIAN WATER MANAGEMENT STUDY
3 IMPERIAL VALLEY WATER RECLAMATION AND REUSE STUDY
4 LOWER OWENS RIVER ENVIRONMENTAL STUDY
5 MALIBU CREEK FISHERY ENHANCEMENT STUDY
6 SOUTHERN CALIFORNIA COASTAL WATER SUPPLY STUDY
7 SOUTHERN CALIFORNIA COMPREHENSIVE WATER SUPPLY AND RECLAMATION STUDY

ARIZONA

2 LOWER COLORADO INDIAN WATER MANAGEMENT STUDY
8 TUCSON/PHOENIX WATER CONSERVATION AND EXCHANGE STUDY
9 VERDE RIVER BASIN MANAGEMENT STUDY

NEVADA

1 COLORADO RIVER WATER QUALITY IMPROVEMENT PROGRAM
2 LOWER COLORADO INDIAN WATER MANAGEMENT STUDY

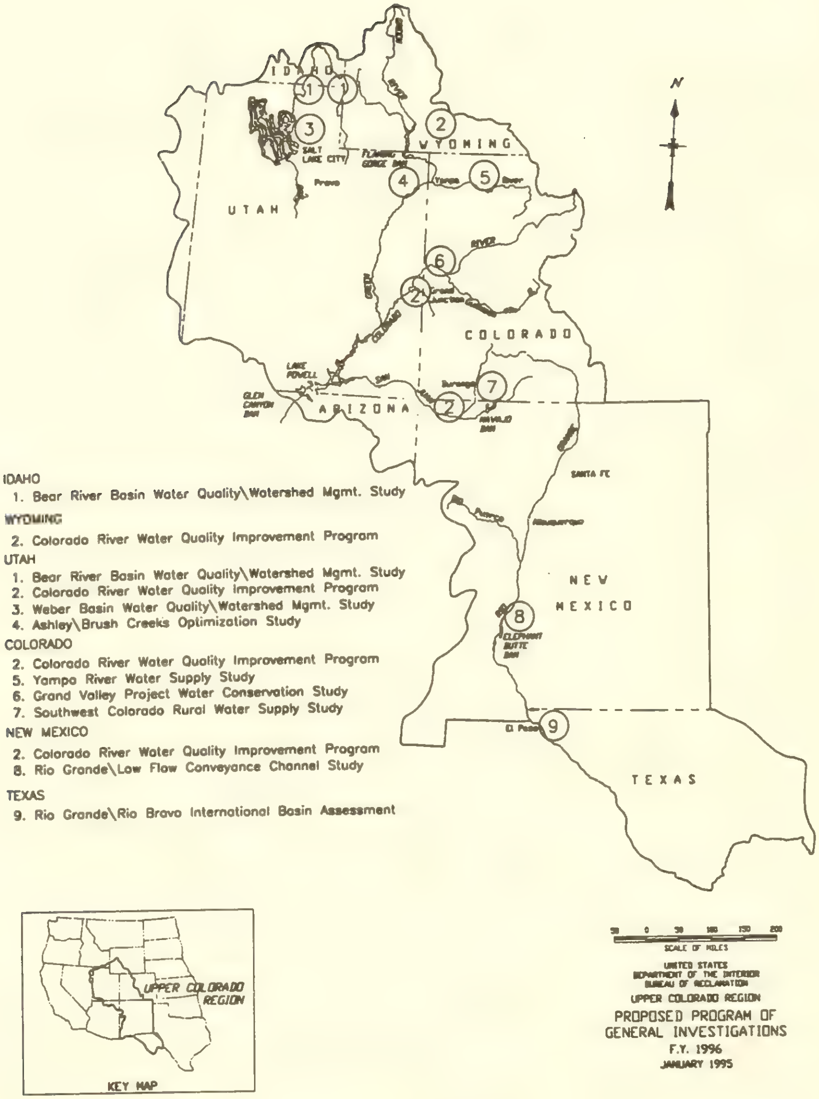
KEY MAP

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
LOWER COLORADO REGION

PROPOSED PROGRAM OF
GENERAL INVESTIGATIONS

JANUARY 1995

General Investigations - 381



IDAHO
1. Bear River Basin Water Quality\Watershed Mgmt. Study

WYOMING
2. Colorado River Water Quality Improvement Program

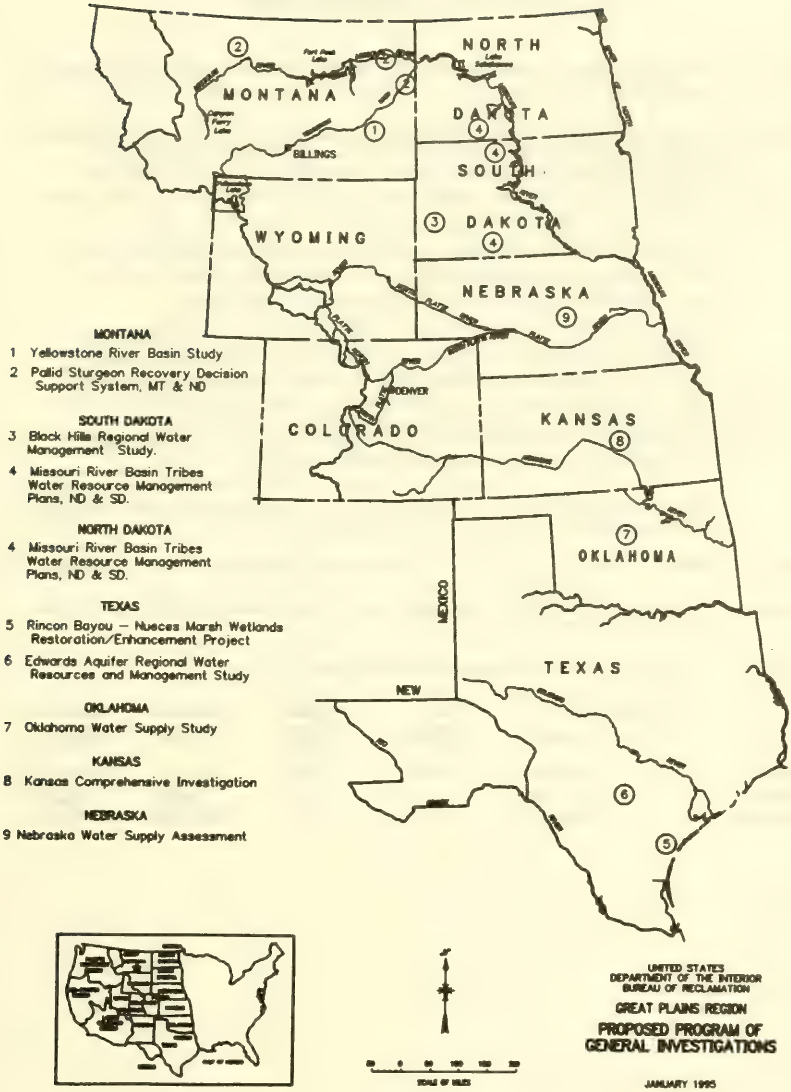
UTAH
1. Bear River Basin Water Quality\Watershed Mgmt. Study
2. Colorado River Water Quality Improvement Program
3. Weber Basin Water Quality\Watershed Mgmt. Study
4. Ashley\Brush Creeks Optimization Study

COLORADO
2. Colorado River Water Quality Improvement Program
5. Yampa River Water Supply Study
6. Grand Valley Project Water Conservation Study
7. Southwest Colorado Rural Water Supply Study

NEW MEXICO
2. Colorado River Water Quality Improvement Program
8. Rio Grande\Low Flow Conveyance Channel Study

TEXAS
9. Rio Grande\Rio Bravo International Basin Assessment

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
UPPER COLORADO REGION
PROPOSED PROGRAM OF
GENERAL INVESTIGATIONS
F.Y. 1996
JANUARY 1995



MONTANA
1 Yellowstone River Basin Study
2 Pallid Sturgeon Recovery Decision Support System, MT & ND

SOUTH DAKOTA
3 Black Hills Regional Water Management Study.
4 Missouri River Basin Tribes Water Resource Management Plans, ND & SD.

NORTH DAKOTA
4 Missouri River Basin Tribes Water Resource Management Plans, ND & SD.

TEXAS
5 Rincon Bayou — Nueces Marsh Wetlands Restoration/Enhancement Project
6 Edwards Aquifer Regional Water Resources and Management Study

OKLAHOMA
7 Oklahoma Water Supply Study

KANSAS
8 Kansas Comprehensive Investigation

NEBRASKA
9 Nebraska Water Supply Assessment

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

GREAT PLAINS REGION

PROPOSED PROGRAM OF GENERAL INVESTIGATIONS

JANUARY 1995

Ashley\Brush Creeks Optimization Study

Utah

Location This study is located in the Uinta Basin, northeastern Utah, near the city of Vernal in Uintah County.

Description The study will investigate the operation of existing projects on Ashley and Brush Creeks, including municipal wastewater and associated selenium contamination problems, irrigation companies, the Vernal and Jensen Units of the Central Utah Project, and develop an optimization plan to better utilize the existing water supplies through regional operation.

The Jensen Unit on Brush Creek was constructed to meet projected growth from oil shale and other developments, which have not occurred as envisioned. As a result, there is unused storage capacity and water available on Brush Creek.

There is a need to provide an alternate supply of high quality water to Stewart Lake Waterfowl Management Area (SLWMA) to replace drainage water which is carrying selenium and other contaminants into SLWMA as well as provide late season irrigation water to irrigators who own higher priority water rights than the Vernal Unit. Also, the Ashley Valley Sewer Lagoons evaporate large quantities of water and leach contaminants into lower Ashley Creek. These contaminants are causing hazards to migratory waterfowl and endangered fish in the area.

The investigation will result in a special report recommending an optimization operating scenario to maximize benefits with minimal construction.

Duration Initiation: FY 1996 Completion: FY 1998

Cost-sharing Fifty percent. Uintah Water Conservancy District, State of Utah, and Ashley Valley Sewer Management Board.

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$475,000	$- 0 -	$- 0 -	$75,000	$400,000
Non-Federal	475,000	- 0 -	- 0 -	75,000	400,000
Total program	$950,000	$- 0 -	$- 0 -	$150,000	$800,000

Kansas Comprehensive Investigation

Kansas

Location This study will be conducted on the Cheney, Cedar Bluff, Waconda, Kirwin, Lovewell, Keith Sebelius, and Webster Reservoirs throughout the State of Kansas.

Description This evaluation will look at Reclamation projects within the State and evaluate their effectiveness in meeting future availability of water. These projects will be examined from a systems approach to see which operation alternatives could be implemented.

Since these projects were constructed, changes have occurred in the hydrologic regime their design and function was originally based on. These projects play a major role in the water supply and public use areas. Effective management of these projects' resources is dependent on an effective and updated evaluation.

This investigation will identify areas of project deficiencies, determine the cause for these deficiencies, and provide possible alternatives for solving these problems.

The enhancement of Reclamation facilities for recreation, and preparation of issues related to quantity and quality of water in the future, justifies Reclamation involvement in this project. With the committed participation of the State of Kansas, this study will provide a sweeping renovation over the entire western part of Kansas, provide a vast opportunity to improve environmental concerns, and address the water needs of both human and animal populations on a large scale.

Duration Initiation: FY 1996 Completion: FY 1998

Cost-sharing Fifty percent. Kansas Department of Wildlife and Parks, the Kansas Water Office, and local entities surrounding these Reclamation projects.

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$275,000	$- 0 -	$- 0 -	$100,000	$175,000
Non-Federal	275,000	- 0 -	- 0 -	100,000	175,000
Total program	$550,000	$- 0 -	$- 0 -	$200,000	$350,000

Lower Colorado Indian Water Management Study

Arizona, California, Nevada

Location This study is located on Indian reservations throughout the States of Arizona, California, and Nevada.

Description Tribal attempts to develop a diverse economy in the Lower Colorado Region have failed repeatedly because of uncertain water availability, recurrent drought conditions, and poor maintenance programs. Indian nations are beginning to diversify their economy and develop small businesses. Many options, from tourism to manufacturing, require a reliable source of water. Although many Indian tribes have the water resources to realize a goal of independence, few have the technical expertise to optimize these resources. Tribal administrations typically prepare plans for water management and facility improvement; however, none has a plan that bridges the different tribal administrations resulting in a duplication of effort and waste of scarce resources.

The purpose of this study is to provide assistance to the tribes for water resource management. This study will focus on development, management, and preservation of the Indian water resources. It would use long- and short-range water supply and water needs to develop a tribal management strategy. It would also set priorities and provide guidance for operation, maintenance, and repair of existing water facilities on Indian reservations.

This study will produce a Tribal Water Management Plan to meet future needs of the tribes.

With Federal assistance, new economic opportunities will be developed, reducing local unemployment. Training of local Native Americans in planning and management activities will be supported and water conservation practices will be encouraged. This project involves Federal responsibility to Indian trusts, a multi-state area of study, and coordination with other Federal agencies such as the Bureau of Indian Affairs, Soil Conservation Service, U.S. Geological Survey, and U.S. Fish and Wildlife Service.

Duration Initiation: FY 1996 Completion: FY 2000

Cost-sharing None.

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$375,000	$- 0 -	$- 0 -	$75,000	$300,000
Non-Federal	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Total program	$375,000	$- 0 -	$- 0 -	$75,000	$300,000

Lower Owens River Environmental Study
California

Location This study is located in Inyo County in east central California.

Description Diversion of water flow from the Owens River to the city of Los Angeles has degraded the river's biological resources. Inyo County and the city of Los Angeles are interested in restoring the biological integrity of the lower 50 miles of the Owens River. Restoration of the lower river basin would require increasing and stabilizing instream flows and optimizing the river's distribution of water. Primary objectives are to restore native riparian vegetation, restore habitat for indigenous and migratory birds, restore and create backwaters, and create warmwater fisheries.

The study will result in a report which compares alternatives, including conceptual designs of the study area, estimates of instream flow and surface and ground-water elevations, predicted distribution of restored wetland and riparian plant communities, and conceptual designs of water control structures.

Specific Federal responsibilities include environmental restoration, wetlands, and migratory birds. The river has been the focal point of conflicting State, County, and City interests.

Duration Initiation: FY 1996 Completion: FY 1998

Cost-sharing Fifty percent. Inyo County Water Department, California Department Fish and Game, California Department Water Resources, Los Angeles Department Water and Power.

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$300,000	$- 0 -	$- 0 -	$100,000	$200,000
Non-Federal	300,000	- 0 -	- 0 -	100,000	200,000
Total program	$600,000	$- 0 -	$- 0 -	$200,000	$400,000

Malibu Creek Fishery Enhancement Study

California

Location	This study is located north of Malibu, in Los Angeles County, west of the city of Los Angeles, California.

Description Malibu Creek is home to the southernmost run of self-propagating steelhead trout, one of the most jeopardized of all California's steelhead stock. Historic runs of nearly 1,000 adult fish in its lower reach have been reduced to less than 100, primarily because of barriers in the creek to upstream migration. A study conducted by California Department of Fish and Game showed that the steelhead trout population could increase threefold if habitat upstream of Rindge Dam could be accessed.

The study will address ways of rehabilitating the steelhead run by removal of Rindge Dam, located about 2 1/2 miles upstream from the mouth of Malibu Creek. Constructed by private interests in 1924-25 to provide 575 acre-feet of conservation storage for agriculture purposes, the 100-foot high, thin-arch dam lost its usefulness by the late 1950's when the reservoir was completely filled with sedimentation. The dam is now owned by the State Parks and Recreation Department.

A planning report and environmental compliance documents will be produced for removal of Rindge Dam and restoration of Malibu Creek for steelhead migration.

Reclamation has unique technical expertise required for this study. The effort is directed toward restoration of an imperiled special status fish species.

Duration Initiation: FY 1996 Completion: FY 1998

Cost-sharing Fifty percent. State of California, California Trout, Trout Unlimited.

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$250,000	$- 0 -	$- 0 -	$50,000	$200,000
Non-Federal	250,000	- 0 -	- 0 -	50,000	200,000
Total program	$500,000	$- 0 -	$- 0 -	$100,000	$400,000

Nebraska Water Supply Assessment
Nebraska

Location This study will be conducted on Reclamation projects and Indian reservations within the State of Nebraska.

Description This study is a cooperative effort to provide the State and Indian reservations technical and economic analyses on possible water supply problems due to groundwater quality contamination with nitrates and pesticides in rural domestic, small communities, and urban areas.

Groundwater quality, as impacted adversely by agricultural practices, is Nebraska's top long-term environmental problem. In recent years the Nebraska Department of Health has issued restrictions to several communities because of contaminants in their public water supplies. Agricultural pollution has been a major source of these contaminants. There is substantial evidence that current agricultural practices and/or substances already in the ground may cause groundwater quality problems to intensify and become more widespread in the future. In the long term, this could result in water from a large number of rural wells and public water systems becoming unfit for drinking.

This assessment will result in a report which will provide the State and Indian reservations technical and economical analyses on the extent and severity of problem areas, and extent of rural and small community water supply problems, including the number of people impacted. The report will identify alternative water supplies, potential costs of treatment and alternative supplies with possible field testing using Reclamation's mobile treatment plant, aquifer remediation opportunities, and possibly recommendations of revised agricultural practices and land uses.

Reclamation has vested interests in many areas of the State with several projects that provide irrigation water to over one-half million acres.

Duration Initiation: FY 1996 Completion: FY 1998

Cost-sharing Fifty percent. Nebraska Natural Resources Commission

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$300,000	$- 0 -	$- 0 -	$100,000	$200,000
Non-Federal	300,000	- 0 -	- 0 -	$100,000	$200,000
Total program	$600,000	$- 0 -	$- 0 -	$200,000	$400,000

Oklahoma Water Supply Study

Oklahoma

Location This study is located in Atoka, Coal, Pontotoc, Pottawatomie, and Cleveland Counties in southeastern Oklahoma.

Description The investigation will examine the under-used capacity of McGee Creek Project to better manage and develop resources to meet identified needs of small towns and rural areas in central and east central Oklahoma. New water uses will be evaluated, which will expand the operational potential of the project, including opportunities to contribute to recreation and fish and wildlife needs at the Norman Project in central Oklahoma.

Recently, Native Americans inquired about the land and water rights which they may be entitled to consolidate under Tribal jurisdiction at the Norman Project. This could create a significant increase in the need for available water from the Norman Project. The study will also determine solutions to long-term water needs in central Oklahoma and explore other water development options to meet those needs.

A report will be prepared showing alternatives for developing a regional water supply system, utilizing surplus surface water with preliminary cost estimates, and environmental analyses for plans.

Reclamation's McGee Creek and Norman Projects and Oklahoma City's existing distribution system are major components of the preferred alternative. McGee Creek Project water can be made available to meet other needs in central Oklahoma without major construction of additional facilities for several years. There is surplus water and additional pipeline capacity immediately available for distribution throughout central Oklahoma.

Duration Initiation: FY 1996 Completion: FY 1998

Cost-sharing Fifty percent. Oklahoma Water Resource Board, Association of Central Oklahoma Government, the city of Oklahoma City, the city of Norman, and small local communities.

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$375,000	$- 0 -	$- 0 -	$100,000	$275,000
Non-Federal	375,000	- 0 -	- 0 -	$100,000	$275,000
Total program	$750,000	$- 0 -	$- 0 -	$200,000	$550,000

Rio Grande\Low Flow Conveyance Channel Study

New Mexico

Location This study is located in Rio Grande Valley, between San Acacia, New Mexico, and Elephant Butte Reservoir.

Description The Low Flow Conveyance Channel (LFCC) and Rio Grande Floodway convey water from San Acacia, New Mexico, to the Elephant Butte Reservoir. The system was designed in the early 1950's in response to a severe and prolonged drought. Delivery of water to the Reservoir was hampered by sediment accumulation in the Rio Grande channel, delta formations, and phreatophyte infestation of the flood plain. Because of high Rio Grande flows since the late 1970's the Reservoir has filled and inundated the lower reaches of the LFCC. The LFCC has not been operated since 1985 because of sediment deposition in the Reservoir's headwater area.

Water conservation and delivery to the Reservoir is especially critical to the United States and the State of New Mexico in dry years. Need for this study is created by an evolving river morphology, changing hydrologic conditions, and increased public awareness and concern regarding environmental issues.

The study will identify and comprehensively evaluate structural modifications and operational changes to the LFCC and the Rio Grande Floodway system. The study will analyze various hydrologic scenarios and will provide alternatives in water conservation, wildlife management, water quality, and environmental considerations while minimizing operation and maintenance costs.

A report will be produced with supporting technical documentation arraying and evaluating structural and non-structural alternatives.

Under authority of the Flood Control Acts of 1948 and 1950 Reclamation owns, operates, and maintains the Low Flow Conveyance Channel and maintains the Rio Grande Floodway between San Acacia and Elephant Butte Reservoir. An international treaty obligates the United States to deliver Rio Grande water to the Republic of Mexico.

Duration Initiation: FY 1996 Completion: FY 1998

Cost-sharing Forty percent. State of New Mexico and State of Texas.

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$480,000	$- 0 -	$- 0 -	$100,000	$380,000
Non-Federal	320,000	- 0 -	- 0 -	100,000	220,000
Total program	$800,000	$- 0 -	$- 0 -	$200,000	$600,000

Rio Grande\Rio Bravo International Basin Assessment

Texas

Location This study is located in the international reach of the Rio Grande/Rio Bravo, in the eastern portion of El Paso County, Texas.

Description With the passage of the North American Free Trade Agreement, population increases in the international reach of the Rio Grande, and demands on the region's water related resources, watershed based decisions on environmental and water conservation issues are required. The region's water resources are the surface waters of the Rio Grande and the groundwater aquifer named the Hueco Bolson.

Near El Paso, Texas, the Rio Grande becomes the international border between the United States and the Republic of Mexico. Through the Convention of 1906, the United States is obligated to deliver 60,000 acre feet of water to Mexico at El Paso/Juarez, except in cases of extraordinary drought. This obligation has not always been met because of the drought conditions of the 1950's and under deliveries into Elephant Butte Reservoir.

The study will produce a joint Reclamation/International Boundary and Water Commission report which will compile a Geographical Information Systems database of regional water use and demand for surface and groundwater. This accumulated data will assist in the examination of water conservation, drought management, water treatment and recycling, water quality and salinity, and watershed management options, along with water resource related issues such as wetlands, riparian areas, endangered species, and fish and wildlife habitat.

Under Reclamation's Rio Grande Project, Reclamation holds the water rights to much of the surface water in the study area. Reclamation has been actively approached by International Boundary and Water Commission and other agencies to conduct such a study and has already participated in preliminary coordination efforts.

Duration Initiation: FY 1996 Completion: FY 1998

Cost-sharing Fifty percent. The State of Texas, the University of Texas at El Paso, and the West Texas Council of Governments.

Summarized Financial Data

	Total estimated cost	Total to FY 1994	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$ 600,000	$- 0 -	$- 0 -	$200,000	$400,000
Non-Federal	600,000	- 0 -	- 0 -	200,000	400,000
Total program	$1,200,000	$- 0 -	$- 0 -	$400,000	$800,000

Southern California Coastal Water Supply Study

California

Location This study is located in coastal and inland valley areas of southern California, including Los Angeles, Orange, San Bernardino, and Riverside Counties.

Description Water supplies in southern California come from a number of sources, such as imported from the Colorado River, northern California, and Owens Lake; locally developed surface supplies; groundwater; and reclaimed water. Local water sellers are interested in limiting the percentage of water use from imported sources by pursuing further use of local sources. One of the local sources that remains to be explored is the water that flows into the ocean from the major drainages.

The investigation will examine possibilities for collecting nonpoint runoff before it merges with ocean water so that it can be used to help satisfy the municipal and industrial demands of southern California.

The study will result in a Water Management Plan for local water agencies to coordinate the use of existing facilities and to construct additional facilities (non-Federally funded) that can be used for better management of local water supplies. Plans may include water conveyance facilities between existing storage reservoirs to allow better water management and conservation, in-ocean storage facilities at the mouth of rivers, and institutional agreements among multiple water agencies to allow for optimum use of runoff.

Reclamation will provide technical expertise in developing proposals for capturing runoff that can provide additional municipal and industrial water supplies and avoid negative environmental impacts of alternative water supply options.

Duration Initiation: FY 1996 Completion: FY 1999

Cost-sharing Fifty percent. Water Replenishment District of Southern California and Metropolitan Water District of Southern California.

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$ 750,000	$- 0 -	$- 0 -	$ 50,000	$ 700,000
Non-Federal	750,000	- 0 -	- 0 -	50,000	700,000
Total program	$1,500,000	$- 0 -	$- 0 -	$100,000	$1,400,000

Southern Oregon Coastal River Basins

Oregon

Location This study is located in the southwestern coastal river basins in Oregon with emphasis on the Rogue River basin.

Description Traditional resource uses have resulted in degradation of streamflow quantity and quality in most Oregon coastal basins. Many streams are overappropriated in summer and fall, which negatively affects anadromous fish, recreation uses, and general water quality. Siltation and high water temperatures adversely impact the fish species. These water-related elements of various water users and agency programs need to be merged in an integrated water management program to effectively and efficiently meet these needs.

Reclamation will work with the State and local groups to identify and evaluate measures to achieve stream restoration with an emphasis on restoration of coastal runs of anadromous fish. This will involve an assessment of water resources and development of integrated management plans including headwaters management, riparian restoration, lease/purchase of water rights, conservation, and conjunctive use of storage and ground water. Coordinated use of existing Reclamation projects for conservation and more efficient use of water will be emphasized on the Rogue River.

This study would produce subbasin working papers done in cooperation with State and local agencies for stream restoration plans and necessary implementation. Most measures would be done locally with State and local funds.

Several stocks of anadromous fish on coastal streams are being considered for listing under the Endangered Species Act. There is a strong Federal interest in restoration of these stocks which the State is committed to restoring.

Duration Initiation: FY 1996 Completion: FY 2000

Cost-sharing Fifty percent. The State of Oregon

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$ 800,000	$- 0 -	$- 0 -	$100,000	$ 700,000
Non-Federal	800,000	- 0 -	- 0 -	100,000	700,000
Total program	$1,600,000	$- 0 -	$- 0 -	$200,000	$1,400,000

Southwest Colorado Rural Water Supply Study
Colorado

Location This study is located in La Plata and Archuleta Counties, southwest Colorado, in the San Juan River Basin, and portions of the Southern Ute Indian Reservation.

Description Domestic water in the rural area of southwestern Colorado and portions of the Southern Ute Indian Reservation is currently supplied by individual wells. The water supply from the wells is frequently short and the quality of water poor. While many households in the area import water for consumption, approximately 5 percent of the Indian households on the Reservation have no domestic water supply at all. Sewage disposal in the area is by individual leach fields or lagoons.

Many domestic water supplies do not meet State standards for fecal coliform and require treatment before use. The proposed study area is underlain by the Fruitland Coal Formation, the target for extensive natural gas production. Fresh water aquifers in the area are polluted both naturally from this formation and from the drilling and gas production activities. In other parts of the area, particularly portions of the Reservation, the acquifers are unusable due to high levels of selenium.

This study will develop alternatives for providing a safe and reliable domestic water supply to the rural areas of southwestern Colorado and portions of the Southern Ute Indian Reservation. A special report will be issued detailing alternatives considered and a preliminary design and cost analysis. Facilities would be privately constructed and operated.

A safe and reliable water supply is essential for good public health and the economic well-being of the people in the study area. The quality of life in this area would be greatly enhanced by an improved domestic water supply. Because the area is rural and encompasses four water districts and an Indian Reservation, Federal involvement is beneficial for finding an integrated solution. Existing Reclamation projects would be involved in providing the necessary water.

Duration Initiation: FY 1996 Completion: FY 1998

Cost-sharing Fifty percent. La Plata County, State of Colorado, Southern Ute Indian Tribe, Southwest Water Conservancy District, Florida Water Conservancy District, Pine River Irrigation District, La Plata Water Conservancy District, and the Animas-La Plata Water Conservancy District.

Summarized Financial Data

	Total estimated cost	Total to FY 1994	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$275,000	$- 0 -	$- 0 -	$75,000	$200,000
Non-Federal	275,000	- 0 -	- 0 -	75,000	200,000
Total program	$550,000	$- 0 -	$- 0 -	$150,000	$400,000

Washington River Basin Planning

Washington

Location This study will concentrate on the northern central river basins in the State of Washington, but will be inclusive of several other river basins.

Description Anadromous fish stocks of the Columbia River drainage have been declining for several years and some of the stocks have been listed as endangered or threatened species. One of the causes for the decline is out-of-stream uses of water which have depleted instream flows and reduced habitat. In most river basins, streams are over appropriated; municipal, domestic, and industrial demands are increasing; and sedimentation and other water quality problems have diminished aquatic resources.

Reclamation will assist the State and local planning groups to identify potential solutions to water resource problems that threaten anadromous fish stocks in tributaries to the Columbia River and in coastal streams.

Technical working papers will be prepared relative to stream modeling, needs assessment, fish passage and protective facilities, water conservation and management, and other potential measures. This investigation will provide technical assistance to the State of Washington in multi-party efforts to include State, local, and Native American interests. It is anticipated that most measures would be implemented locally with State and local funding.

The decline in anadromous fish in the Pacific northwest is a resource issue of Federal interest. The anadromous fish stocks of the Columbia River Basin have economic, cultural, and religious importance to several Indian Tribes and are a resource that is part of Indian treaties.

Duration Initiation: FY 1996 Completion: FY 2000

Cost-sharing Fifty percent. Washington Department of Ecology, local Government, and irrigation districts

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$ 500,000	$- 0 -	$- 0 -	$ 75,000	$425,000
Non-Federal	500,000	- 0 -	- 0 -	75,000	425,000
Total program	$1,000,000	$- 0 -	$- 0 -	$150,000	$850,000

Yellowstone River Basin Study

Montana

Location This study is located in south central Montana on Federal and State/Private Diversions in the Yellowstone River Basin.

Description Present irrigation facilities are entrapping and blocking endangered species from migrating up Yellowstone River and its tributaries. This study will investigate and determine the best strategy for meeting fish passage requirements at diversion dams and larger water intakes in the Yellowstone River Basin for candidate listed and certain game species.

A report will be produced containing an 1) inventory of all diversion dams and large water intakes on the mainstem and major tributaries (Powder, Tongue, Bighorn, Clarksfork) on the Yellowstone River, 2) results of aquatic studies for listed, candidate, and certain game species which influence design of passageways and/or intake modifications, and 3) alternative designs and cost estimates for structural improvements for use by Federal and local entities to cooperate with the Fish and Wildlife Service's downlisting (pallid sturgeon) and nonlisting (sicklefin chub, sturgeon chub, and blur sucker) objectives in the basin, as well as Montana Department of Fish, Wildlife, and Parks game fish migration program.

Reclamation has technical expertise in engineering, economics, hydrology, fish screen technology, aquatic/hydraulic laboratory studies, and water quality needed for this effort. Listing of species in addition to the pallid sturgeon could significantly affect operation of Reclamation projects, especially the Huntley and Lower Yellowstone (Intake) Diversion Dams.

Duration Initiation: FY 1996 Completion: FY 1998

Cost-sharing Fifty percent. The State of Montana

Summarized Financial Data

	Total estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$320,000	$- 0 -	$- 0 -	$140,000	$180,000
Non-Federal	320,000	- 0 -	- 0 -	140,000	180,000
Total program	$640,000	$- 0 -	$- 0 -	$280,000	$360,000

GENERAL INVESTIGATIONS
ONGOING PROJECTS/STUDIES

Bear River Basin Water Quality/Watershed Management Study
Idaho, Utah, Wyoming

Description The study will assist the States of Utah, Idaho, and Wyoming and local governments, and water districts in identifying and evaluating sources of pollution and non structural or minor structural measures that could be implemented to restore water quality in the lower reaches of the Bear River and preserve water quality in the upper reaches.

Duration Initiation: FY 1993 Completion: FY 1996

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$337,342	$214,342	$ 23,000	$100,000	$- 0 -
Non-Federal	450,000	288,000	81,000	81,000	- 0 -
Total program	$787,342	$502,342	$104,000	$181,000	$- 0 -

Black Hills Regional Water Management Study
South Dakota

Description The purpose of this study is to assist the State with the development of a water management plan for the Black Hills region, including operation of Reclamation facilities in the region, to better meet contemporary water needs. No new project authorization is anticipated.

Duration Initiation: FY 1993 Completion: FY 1996

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$462,170	$212,170	$100,000	$150,000	$- 0 -
Non-Federal	450,000	200,000	100,000	150,000	- 0 -
Total program	$912,170	$412,170	$200,000	$300,000	$- 0 -

Ongoing Projects . . . .

Carlton Lake Restoration
Oregon

Description The objective of this investigation is to formulate a plan to reestablish Carlton Lake and its associated wetlands for migratory waterfowl use and as an environmental education resource.

Duration Initiation: FY 1994 Completion: FY 1996

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$352,000	$102,000	$200,000	$ 50,000	$- 0 -
Non-Federal	350,000	100,000	150,000	100,000	- 0 -
Total program	$702,000	$202,000	$350,000	$150,000	$- 0 -

Central Oregon Irrigation System
Conservation Project Feasibility Study
Oregon

Description The Upper Deschutes River Basin Water Conservation Project study identified several feasible conservation actions that would help to expand the uses of available water supplies from irrigation system conservation measures. This study will examine the most promising potential actions at a feasibility level. The Study will conclude with a planning report/environmental statement. Canal lining and canal system reregulating facilities are the most likely recommended structural options.

Duration Initiation: FY 1995 Completion: FY 1999

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$ 900,000	$ - 0 -	$ 75,000	$200,000	$ 625,000
Non-Federal	900,000	- 0 -	100,000	200,000	600,000
Total program	$1,800,000	$ - 0 -	$175,000	$400,000	$1,225,000

Colorado River Water Quality Improvement Program

Arizona, California, Colorado, Nevada, New Mexico, Utah, Wyoming

Description The purpose of this investigation is to develop a comprehensive, basinwide approach to reduce salinity where it can be inexpensively controlled before entering the river. Salinity control costs less than $100 per ton while salinity treatment costs for the end users in Santa Ana, California, are over $2,000 per ton. The program will identify easily controlled sources, develop alternative control plans, and recommend remedial actions, if appropriate and cost effective.

The 1996 program includes: Salinity Model Replacement ($50,000), Salinity Model Support ($50,000), Program Verification/Monitoring/Evaluation ($125,000), Program Coordination ($75,000), Las Vegas Wash ($67,000), and Other Miscellaneous Projects ($8,000).

Duration Initiation: FY 1972 Completion: Ongoing

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$61,880,082	$55,330,468	$1,152,846	$375,000	$5,021,768
Non-Federal	198,808	198,808	- 0 -	- 0 -	- 0 -
Total program	$62,078,890	$55,529,276	$1,152,846	$375,000	$5,021,768

Drought Investigations

Various States

Description Continue efforts to establish drought indices for States and local entities in order to anticipate future droughts and plan drought contingency plans to be implemented.

Duration Initiation: FY 1991 Completion: FY 1996

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$533,000	$413,000	$80,000	$40,000	$- 0 -

Ongoing Projects . . . .

Edwards Aquifer Regional Water Resources and Management Study
Texas

Description The purpose of this study will be to analyze multipurpose water supply problems and needs and to develop, update, and formulate alternatives for meeting future demands while reducing the dependence on the Edwards Aquifer.

Duration Initiation: FY 1994 Completion: FY 1997

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$ 851,000	$176,000	$245,000	$240,000	$190,000
Non-Federal	830,000	160,000	240,000	240,000	190,000
Total program	$1,681,000	$336,000	$485,000	$480,000	$380,000

Environmental and Interagency Coordination Activities
17 Western States

Description Funds will be utilized to accomplish various Administration initiatives concerning water resources planning standards, coordination with other Federal and State agencies, review of other agency reports, negotiations and public hearings, information for public groups, participation on State and Federal study teams, etc. Funding in the amount of $88,000 has been included to fund BOR's participation in activities related to implementation of the North American Free Trade Agreement (NAFTA).

Duration Ongoing

Funding The estimated funding for FY 1996 is $1,877,000 which is an increase of $182,000 from FY 1995.

Fish & Wildlife Habitat Preservation & Enhancement

Various States

Description Reclamation will cooperate with Federal and State fish and wildlife managers and local interests to identify, evaluate, and propose fish and wildlife preservation, restoration, and enhancement opportunities. Reclamations primary role will be in engineering design, environmental analysis, water supply, land resources management, and water quality aspects.

Duration Initiation: FY 1992 Completion: FY 1999

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$200,750	$25,750	$- 0 -	$ 50,000	$125,000
Non-Federal	200,000	25,000	- 0 -	50,000	125,000
Total program	$400,750	$50,750	$- 0 -	$100,000	$250,000

General Planning Studies

Various States

Description Funds will be used for: review and development of planning program policies; preparation, revision, and issuance of technical guidelines for conducting the technical phases of resources planning; participation in special studies requested by other natural resource agencies and management overview of these activities; and review and preparation of plans of study and cost-sharing agreements on proposed investigations.

Funding in the amount of $400,000 has been added to do a Study of Project Impacts. The study will fund a credible, ex-post economic, financial, and environmental study of selected traditional Bureau of Reclamation projects constructed during Reclamation's dam building years. For these projects, the study would also calculate actual Federal and non-Federal cost-shares over the years and assess opportunities to restore environmental values and encourage more efficient use of water.

Duration Ongoing

Funding The estimated funding for FY 1996 is $2,435,000 which is an increase of $465,000 over FY 1995.

Ongoing Projects . . . .

Grand Valley Project Water Conservation Study
Colorado

Description The purpose of this study is to quantify the amount and distribution of water lost through inefficient water operations (operational waste) that can be salvaged and to develop implementation plans for the utilization of this water resource.

Duration Initiation: FY 1994 Completion: FY 1996

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$163,377	$46,377	$ 67,000	$ 50,000	$- 0 -
Non-Federal	163,000	50,000	63,000	50,000	- 0 -
Total program	$326,377	$96,377	$130,000	$100,000	$- 0 -

Grande Ronde Water Optimization Study
Oregon

Description This study is evaluating measures to enhance streamflows and improve water quality through watershed and riparian improvements, water conservation, and offstream storage development as part of a multi-party effort to improve habitat for endangered and threatened salmon runs in the Grande Ronde and Snake River Basins.

Duration Initiation: FY 1991 Completion: FY 1996

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$ 684,000	$425,000	$ 59,000	$200,000	$- 0 -
Non-Federal	650,000	450,000	100,000	100,000	- 0 -
Total program	$1,334,000	$875,000	$159,000	$300,000	$- 0 -

The TEC was increased by $100,000 and the completion date was extended one year because Reclamation is entering into a new phase of the study that will require more detailed analysis than originally anticipated.

Idaho River Systems Management
Idaho

Description Reclamation is participating with the Idaho Department of Water Resources to adopt and implement comprehensive plans for conservation, development, management, and use of water within the State's river basins. Reclamation projects are located in the major river basins.

Duration Initiation: FY 1991 Completion: FY 1998

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$ 959,000	$ 559,000	$100,000	$100,000	$200,000
Non-Federal	1,000,000	600,000	100,000	100,000	200,000
Total program	$1,959,000	$1,159,000	$200,000	$200,000	$400,000

Imperial Valley Water Reclamation and Reuse Study
California

Description The study will develop plans that could be used to improve the deteriorating conditions for endangered species and wildlife using the Salton Sea National Wildlife Refuge caused by water quality degradation in Imperial Valley drains and the Salton Sea. Other issues to be addressed include preserving recreation, fish and wildlife, and aesthetic values of the Salton Sea.

Duration Initiation: FY 1995 Completion: FY 1998

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$ 500,000	$- 0 -	$ 75,000	$175,000	$250,000
Non-Federal	500,000	- 0 -	75,000	175,000	250,000
Total program	$1,000,000	$- 0 -	$150,000	$350,000	$500,000

Ongoing Projects . . . .

Investigation of Existing Projects
17 Western States

Description	Reclamation, working closely with the water users and other entities, will survey existing water resource projects to determine the viability for two types of improvements: (1) remedial action to modify, replace or repair features on older projects, thereby conserving water; and (2) possible operational adjustments of existing projects to increase benefits and purposes.
Duration	Ongoing
Funding	The estimated funding for FY 1996 is $540,000 which is an increase of $28,000 from FY 1995.

Minor Work in Connection with Completed Project Investigations
17 Western States

Description	After project studies have been completed, reports must be submitted to the State and other Federal agencies for review. During this review process it will be necessary to perform additional work on some of those investigations. Reformulation or reevaluation of plans is required for some proposals to reflect changes in planning criteria. It is not possible, however, to predict the amount of additional work required.
Duration	Ongoing
Funding	The estimated funding for FY 1996 is $150,000 which is a decrease of $20,000 from FY 1995.

Missouri River Basin Tribes in North and South Dakota Water Resource Management Plans
North and South Dakota

Description The purpose of this study is to assist the Tribes with the evaluation of their water resources and development of management plans relative to the use of tribal water resources on the respective Reservations.

Duration Initiation: FY 1994 Completion: FY 1998

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$1,250,000	$141,000	$250,000	$250,000	$609,000
Non-Federal	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Total program	$1,250,000	$141,000	$250,000	$250,000	$609,000

The TEC increased $200,000 because the scope of work has been expanded.

Northwest Oregon Regional Water Supply Study
Oregon

Description This study will identify the means for a number of small communities to meet a major portion of their municipal and industrial water supply needs through an integrated regional system. It will also identify means of enhancing anadromous fish runs in the Columbia River tributaries and improving water quality in affected streams.

Duration Initiation: FY 1994 Completion: FY 1997

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$ 824,000	$124,000	$250,000	$300,000	$150,000
Non-Federal	825,000	100,000	300,000	310,000	115,000
Total program	$1,649,000	$224,000	$550,000	$610,000	$265,000

The TEC has increased $49,000 due to additional evaluation of spotted owl environment, evaluation of a potential new site, and additional detailed design.

Ongoing Projects . . . .

Oregon Stream Restoration Planning Study
Oregon

Description Reclamation is cooperating in facilitating and technical roles with the State of Oregon, other Federal/State agencies, and local groups in a broad-based effort to identify and evaluate measures to achieve stream restoration.

Duration Initiation: FY 1993 Completion: FY 1998

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$ 816,000	$266,000	$200,000	$150,000	$200,000
Non-Federal	820,000	270,000	200,000	150,000	200,000
Total program	$1,636,000	$536,000	$400,000	$300,000	$400,000

Oregon Subbasin Conservation Planning
Oregon

Description Reclamation is cooperating with the State of Oregon and local irrigators to develop model subbasin irrigation conservation plans to bring irrigation and environmental interests together.

Duration Initiation: FY 1993 Completion: FY 1998

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$ 892,000	$292,000	$200,000	$200,000	$200,000
Non-Federal	920,000	300,000	200,000	220,000	200,000
Total program	$1,812,000	$592,000	$400,000	$420,000	$400,000

Owyhee Project Storage Optimization Study
Oregon

Description This study will determine the feasibility of raising the crest of existing Owyhee Dam to provide an additional 70,000 to 80,000 acre-feet of storage space to improve flood control capability, stream restoration to benefit endangered salmon, increase power generation, and water supply to protect against impacts from drought. Water efficiency improvements and potentials for water reregulation and reuse will also be evaluated.

Duration Initiation: FY 1993 Completion: FY 1996

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$453,000	$243,000	$160,000	$ 50,000	$- 0 -
Non-Federal	475,000	275,000	150,000	50,000	- 0 -
Total program	$928,000	$518,000	$310,000	$100,000	$- 0 -

Pallid Sturgeon Recovery Decision Support System
Montana, North Dakota

Description The purpose of this study is to cooperate with the U.S. Fish and Wildlife Service Recovery Team to recover and/or protect the species in the Upper Missouri Basin and to develop a river management plan in the study area.

Duration Initiation: FY 1995 Completion: FY 1998

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$490,000	$- 0 -	$140,000	$140,000	$210,000
Non-Federal	490,000	- 0 -	140,000	140,000	210,000
Total program	$980,000	$- 0 -	$280,000	$280,000	$420,000

Rincon Bayou - Nueces Marsh Wetlands Restoration/Enhancement Project
Texas

Description The purpose of the study is to evaluate and identify opportunities to create, restore, and enhance wetlands in the Rincon Bayou - Nueces Marsh.

Duration Initiation: FY 1993 Completion: FY 1996

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$ 604,174	$ 364,174	$ 90,000	$150,000	$- 0 -
Non-Federal	1,188,324	938,324	125,000	125,000	- 0 -
Total program	$1,792,498	$1,302,498	$215,000	$275,000	$- 0 -

The Total Estimated Cost increased $395,000 due to an increase of the non-Federal contributions resulting in a rescoping of the study.

San Francisco Area Water Reclamation Study
California

Description The purpose of this study is to examine the feasibility for demonstration of permanent facilities to reclaim water in the San Francisco Bay area for the purposes of export and reuse elsewhere in California.

Duration Initiation: FY 1995 Completion: FY 1997

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$4,790,000	$- 0 -	$ 790,000	$ 700,000	$3,300,000
Non-Federal	4,790,000	- 0 -	790,000	1,500,000	2,500,000
Total program	$9,580,000	$- 0 -	$1,580,000	$2,200,000	$5,800,000

Southern California Comprehensive Water Supply and Reclamation Study

California

Description The objective of this study is to develop a long-range water supply and reclaimed water management program for the southern California coastal and inland valley area that would make more efficient use of existing water resources through the greater integration and use of reclaimed water.

Duration Initiation: FY 1993 Completion: FY 1998

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$3,000,000	$342,691	$ 388,309	$ 750,000	$1,519,000
Non-Federal	3,000,000	208,163	675,000	510,000	1,606,837
Total program	$6,000,000	$550,854	$1,063,309	$1,260,000	$3,125,837

Technical Assistance to States

17 Western States

Description This program is designed to provide Reclamation with a vehicle to assist States or State-chartered agencies with data collection and analyses for management of water and related land resources. While this assistance can be complex, it is intended only as support to States in their own work. Entire project investigations will not be performed for the States or State-chartered agencies.

Duration Ongoing

Funding The estimated funding for FY 1996 is $1,665,000 which is a decrease of $176,000 from FY 1995.

Ongoing Projects . . . .

Tucson/Phoenix Water Conservation and Exchange Study
Arizona

Description Reclamation will facilitate a water conservation and exchange study for reclamation and exchange of sewage effluents from the greater metropolitan areas of Tucson and Phoenix.

Duration Initiation: FY 1993 Completion: FY 1996

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$ 830,000	$ 478,293	$301,707	$ 50,000	$- 0 -
Non-Federal	877,766	827,766	- 0 -	50,000	- 0 -
Total program	$1,707,766	$1,306,059	$301,707	$100,000	$- 0 -

The TEC has increased by $207,766 due to the expansion of the area for the Tucson portion of the study and additional work required for the report on the Phoenix portion of the study.

Upper Deschutes River Basin Water Conservation Project
Oregon

Description The study is evaluating measures to improve water conveyance and on-farm irrigation efficiencies as well as opportunities to improve river and reservoir system operations. Demonstration projects in partnership with local irrigation districts are being implemented and a strategy developed for institutional and financial implementation and evaluation of conservation technology.

Duration Initiation: FY 1990 Completion: FY 1996

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$1,120,000	$ 950,000	$120,000	$ 50,000	$- 0 -
Non-Federal	1,215,000	910,000	105,000	200,000	- 0 -
Total program	$2,335,000	$1,860,000	$225,000	$250,000	$- 0 -

The TEC decreased $95,000 due to transfer of work activities to the Central Oregon Irrigation System Conservation Project Study.

Upper Salmon River Water Optimization Study
Idaho

Description The study will develop conservation plans for improving irrigation efficiencies to provide multipurpose water supplies in the Upper Salmon River Basin. A preliminary report identifying potential efficiencies that could be developed with non-Federal funding, and other opportunities that may need Federal participation, will be prepared at mid-study. The study will conclude with a planning report/environmental statement.

Duration Initiation: FY 1995 Completion: FY 1998

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$ 500,000	$- 0 -	$100,000	$150,000	$250,000
Non-Federal	525,000	- 0 -	125,000	150,000	250,000
Total program	$1,025,000	$- 0 -	$225,000	$300,000	$500,000

Upper Snake River Basin Salmon Migration Water Study
Idaho, Oregon

Description This study will produce a detailed engineering, economic, and environmental evaluation of the most promising storage sites in the Snake River Basin. This storage would have the primary purpose of providing significant quantities of water for lower Snake River flow augmentation to help restore threatened and endangered salmon.

Duration Initiation: FY 1994 Completion: FY 1997

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$ 932,000	$132,000	$300,000	$250,000	$250,000
Non-Federal	950,000	200,000	350,000	300,000	100,000
Total program	$1,882,000	$332,000	$650,000	$550,000	$350,000

Upper Snake River Basin Storage Optimization
Idaho, Wyoming

Description Reclamation's Upper Snake River Basin Storage Optimization study is a cooperative effort with the State of Idaho and others to enhance water management and river and reservoir operation tools in the basin including surface and ground water computer models. Operational options will be identified and impacts evaluated. The study scope has been expanded to address opportunities to augment Snake River flows for water quality, fish and wildlife, and hydropower purposes including water efficiency improvements, water leasing, and acquisition of existing storage.

Duration Initiation: FY 1987 Completion: FY 1997

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$1,209,000	$ 735,000	$224,000	$200,000	$ 50,000
Non-Federal	1,310,000	948,000	200,000	100,000	62,000
Total program	$2,519,000	$1,683,000	$424,000	$300,000	$112,000

Verde River Basin Management Study
Arizona

Description The purpose of the study is to develop a basin water management plan addressing such problems as future water supplies, conflicting water right claims, water quality, endangered species, and other environmental issues.

Duration Initiation: FY 1995 Completion: FY 1998

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$ 500,000	$- 0 -	$125,000	$125,000	$250,000
Non-Federal	500,000	- 0 -	125,000	125,000	250,000
Total program	$1,000,000	$- 0 -	$250,000	$250,000	$500,000

Weber Basin Water Quality/Watershed Management Study
Utah

Description The study is assisting Reclamation, the State of Utah, local governments, and water districts in the improvement of water management. The study will identify specific water quality problems and their causes, and determine measures which should be implemented to preserve and/or improve water quality in the area.

Duration Initiation: FY 1993 Completion: FY 1996

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimate FY 1996	Balance to complete
Reclamation	$459,807	$208,807	$151,000	$100,000	$- 0 -
Non-Federal	450,000	200,000	150,000	100,000	- 0 -
Total program	$909,807	$408,807	$301,000	$200,000	$- 0 -

Western Montana Water Conservation Study
Montana

Description The purpose of this study is to inventory irrigation operations in western Montana to obtain information on water losses, identify and prioritize areas having major water loss or management problems, discover what water conservation activities are occurring or planned, determine water user interest in pursuing conservation programs, identify water markets and potential legal and institutional constraints, explore opportunities for implementation funding, and develop a strategy for implementation of desirable water conservation opportunities.

Duration Initiation: FY 1994 Completion: FY 1997

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$ 699,000	$128,000	$221,000	$200,000	$150,000
Non-Federal	700,000	150,000	200,000	200,000	150,000
Total program	$1,399,000	$278,000	$421,000	$400,000	$300,000

Ongoing Projects . . . .

Yampa River Water Supply Study
Colorado

Description The study examines the rehabilitation, enlargement, and re-operation of Elkhead Creek Reservoir for the purposes of endangered species habitat enhançement and M&I water supplies for the city of Craig, Colorado.

Duration Initiation: FY 1994 Completion: FY 1996

	Estimated cost	Total to 9/30/94	Program FY 1995	Estimated FY 1996	Balance to complete
Reclamation	$250,000	$100,000	$100,000	$ 50,000	$- 0 -
Non-Federal	250,000	50,000	100,000	100,000	- 0 -
Total program	$500,000	$150,000	$200,000	$150,000	$- 0 -

GENERAL ADMINISTRATIVE EXPENSES

Description

The General Administrative Expenses (GAE) appropriation finances Reclamations centralized management functions. These functions include overall program and personnel policy management; equal employment opportunity; safety and health management; budgetary policy formulation; financial management; information resources management; procurement, property, and general services policy; public affairs; and organizational and management analysis. Also included are continuing efforts in special initiatives such as supporting workforce diversity, streamlining efforts, and improving performance.

FY 1996 Program

The proposed GAE budget of $50,327,000 supports day-to-day Reclamation management and general oversight functions. This lower funding level reflects a savings of $3,707,000 resulting from administrative reductions and management realignment, in keeping with the President's policy on reducing administrative expenses throughout the Federal government.

Major Program Development and Activities

Organizational Development - In support of the Vice-President's National Performance Review, the Bureau of Reclamation began its management restructuring in FY 1994. Management layers were eliminated and more decision-making authority was transferred to lower management levels. This has resulted in a realignment of centralized management activities resources and a proposed funding decrease in the FY 1996 GAE program.

Human Resources Management - Emphasis continues on programs and special activities, initiated by the Department and Bureau, which assist in developing a more diverse work place; expanding professional growth opportunities for women, minorities, and persons with disabilities; and promoting safety in the workplace.

Enhancement and improvement of Reclamation's workforce continues through the Human Resource Development program. Funding in this area provides for organizational analysis and management training to further enhance the work environment. Program activities include human resources management oversight and management training and development.

Aggressive action will continue in the personnel streamlining efforts. Within the resources requested, $100,000 has been identified for additional automation and training to support this effort.

Education continues as a fundamental component of increasing public awareness in the areas of water conservation and use, and improving the skills of the workforce. Education programs include training of Reclamation personnel; hiring cooperative education students; presentations at schools, conferences, and public forums; and supporting initiatives which create avenues for public awareness of Reclamations resource management and conservation programs.

Funding continues for support of implementation of the Chief Financial Officers Act, development of performance measurements, assessment of financial management program effectiveness, and correction of material weaknesses identified through the Management Control Program.

Summary

The GAE proposed funding level reflects managements commitment to minimizing administrative costs and supports the necessary activities related to general management and policy development.

Summarized Financial Data

	Enacted FY 1995	Request FY 1996
General Administrative Expenses	$54,034,000	$50,327,000

Central Valley Project Restoration Fund

Description

The Central Valley Project Restoration Fund (CVPRF) was authorized in the Central Valley Project Improvement Act, Title 34 of Public Law 102-575. This Fund was established to provide funding from project beneficiaries for habitat restoration, improvement and acquisition, and other fish and wildlife restoration activities in the Central Valley Project area of California. Revenues are derived from payments by project beneficiaries and from donations. Payments from project beneficiaries include several required by the Act (Friant Division surcharges, higher charges on water transferred to non-CVP users, and tiered water prices). In addition, to the extent required in appropriations acts, additional annual mitigation and restoration payments may be assessed and collected. Close coordination and cooperation between the Fish and Wildlife Service and the Bureau of Reclamation will ensure efficient and effective implementation of the Act.

FY 1996 Program

The FY 1996 program, at $43,579,000, represents the third year request for funding from the Central Valley Project Restoration Fund. Sixty-seven percent of this request will be used for habitat restoration, improvement, and acquisition ($29,198,000) and thirty-three percent will be used for those provisions identified in paragraphs 3406(b)(4)-(6), (10)-(18), and (20)-(22) ($14,381,000). In FY 1996 activities funded as part of the thirty-three percent provision include: 3406(b)(6), Shasta Temperature Control Device (TCD); 3406(b)(11); 3406(b)(13), Restore Spawning Gravel; 3406(b)(16), Central Valley Assessment/Monitoring Program; and 3406(b)(22), Flood Agricultural Lands for Waterfowl/Yield Enhancement.

FY 1996 also provides for a comprehensive and coordinated package of actions to protect the San Francisco Bay/Sacramento-San Joaquin Delta Estuary while bringing long-term benefits to California's environment and economy. Installation of the TCD will permit power generation at Shasta Dam while improving flexibility to meet temperature requirements for fisheries in the Sacramento River downstream.

In addition to the CVPRF funding shown below, there are funds available from the Regular Construction appropriation for CVP divisions and units. See the Construction section, earlier in this book.

Program Highlights

General Investigations ($1,000,000)

San Joaquin River Basin Resource Management Initiative: As required in Section 3406(c)(1), this study will develop a comprehensive plan, to address fish, wildlife, and habitat concerns on the San Joaquin River. The study will focus on streamflow amounts, channel characteristics, riparian habitat, and water quality improvements that are needed to reestablish and sustain naturally reproducing anadromous fisheries in the river from Friant Dam to its confluence with the San Francisco Bay/Sacramento-San Joaquin Delta Estuary.

Central Valley Project Restoration Fund . . . .

In FY 1996 development and formulation of specific study items needed for the comprehensive plan will be continued. We will further evaluate the costs and accomplishments, including instream Chinook salmon improvements and riparian habitat studies in connection with the potential of raising Friant Dam, replacing Mendota Dam, and other possible identified alternatives. An atlas for the San Joaquin River, using aerial photographs, to assist in evaluating fishery, wildlife, wetlands, and riparian habitat potentials will be completed. Work will also continue on the development of the Basin Water Temperature Model.

CONSTRUCTION ($42,579,000)

Miscellaneous Project Programs, CVP ($11,075,000)

Refuge Water Supply ($3,000,000): Section 3406(d). Wildlife habitat within the Central Valley of California and critical wintering areas of the Pacific Flyway have diminished dramatically in recent times. The purpose of this program is to restore and enhance wetland habitat by increasing the allocation of water to wildlife refuges within the Central Valley.

Implementation of conveyance plans for Level IV water supplies to various refuge boundaries will be initiated along with design work of various conveyance facilities. The environmental compliance document and design work for conveyance facilities will be completed. Also, negotiations with the California Department of Fish and Game and the Grassland Resource Conservation District for interim water service contract and execution of temporary agreements with various other water districts will be undertaken.

Anadromous Fish Program ($3,000,000): Section 3406(b)(1). Populations of salmon have declined over fifty percent since the 1950's in Central Valley streams and rivers. In view of this and subsequent declines in other anadromous fish species (steelhead, striped bass, sturgeon, and American shad), the Central Valley Project Improvement Act requires (within 3 years) the development and implementation of a plan to increase the populations of anadromous fishes in the Central Valley. The purpose of this program is to increase populations of discrete wild stocks of anadromous fishes by 2002 to at least twice the average level from 1967 to 1991.

A review of options and development of alternatives for inclusion in a draft program will be continued. A draft program for public review and comment will be circulated, with the adoption of the final program anticipated by the end of October 1995.

Private Wetlands/Joint Venture ($500,000): Section 3406(d)(6). Investigate and review the reliability and quality of water supplies available to privately owned wetlands and determine the need, if any, for supplemental water. In addition, review water supply and delivery requirements for 120,000 acres of restored wetlands. A report on supplemental actions to accomplish any program requirements will be accomplished by September 30, 1997.

Refuge Wheeling Costs ($1,700,000): Section 3406(d). Payment of wheeling costs to convey water to refuges and wildlife habitat boundaries.

Water Districts within the State of California and the California Department of Water Resources will be reimbursed for all wheeling costs associated with delivery of water to wildlife refuges.

Dedicated Project Yield ($375,000): Section 3406(b)(2). Dedicate and manage annually 800,000 acre-feet of Central Valley Project yield for the primary purpose of implementing the fish, wildlife, and habitat restoration purposes and measures.

Development of a conceptual plan for the long-term use of the dedicated 800,000 acre-feet will be completed. Rules and Regulations will be promulgated for the management of the 800,000 acre-feet and an accounting program for the 800,000 acre-feet. In addition, assistance will be given to the State of California in its efforts to protect the waters of the San Francisco Bay/Sacramento-San Joaquin Delta Estuary. As new information becomes available, stream flow objectives will be reviewed and revised. In addition, additional water needed to meet the identified objectives will be sought.

Flood Agricultural Lands for Waterfowl/Yield Enhancement ($500,000): Section 3406(b)(22). Wetland habitats and associated values within the Central Valley have decreased drastically due in part to project operations and their cumulative impacts. Incentives will be provided to farmers encouraging participation in a program to keep fields flooded during appropriate time periods for the purpose of waterfowl habitat creation and maintenance and for water yield enhancement.

Central Valley Assessment/Monitoring Program ($2,000,000): Section 3406(b)(16). This will be the second year of funding for implementing a monitoring and assessment program to determine the degree of effectiveness of the various fish and wildlife restoration activities that have been initiated to identify and implement additional changes or actions that may be required. An assessment of the needs to establish a comprehensive assessment program by evaluating the individual needs of the various actions required by Public Law 102-575 and reviewing the adequacy of existing monitoring efforts will be continued. Revised or supplemental existing programs will be utilized to the greatest extent.

Sacramento River Division, CVP ($1,500,000)

Central Valley Project Improvement Activities Supporting Investigations ($1,500,000): Section 3406(e). Investigate and provide recommendations to the Committee on Energy and Natural Resources of the Senate and the Committees on Interior and Insular Affairs and Merchant Marine and Fisheries of the House on the feasibility, cost, and desirability of developing and implementing measures to maintain suitable temperatures for anadromous fish survival, opportunities for additional hatchery production, measures to eliminate barriers to upstream and downstream migration of salmonids, installation and operation of temperature control devices, measures to provide for modified operations and new or improved control structures, and other measures which the Secretary determines would protect, restore, and enhance natural production of salmon and steelhead trout in tributary streams.

3406(e)(1). Temperature evaluations in both the Sacramento and San Joaquin Rivers will be continued.

3406(e)(3). The review of barriers to salmonid migration throughout the Central Valley will continue.

3406(e)(5). A plan of study for the modified operation and new or improved control structures at Delta Cross Channel and Georgiana Slough will be completed and work will begin on the final report.

Central Valley Project Restoration Fund . . . .

San Joaquin Division, CVP ($18,123,000)

San Joaquin Basin Action Plan ($1,000,000): Section 3406(d). The management objectives of this program are to (1) ensure permanent habitat preservation of lands that are of vital importance to Pacific Flyway ducks and geese, threatened and endangered species, other migratory birds, and resident species (2) create wetlands for waterfowl and other wetland dependent species on agricultural lands suitable for conversion, and (3) protect adequate sanctuary to encourage wider distribution of waterfowl and provide protection from disturbance for endangered and threatened species.

The planning and design required for full implementation of the San Joaquin Basin Action Plan will be continued. Right-of-way acquisition will be continued. The environmental compliance documentation will be completed and design and construction of the highest priority conveyance facilities will be initiated.

Water Acquisition ($11,005,000): Section 3406(b)(3). A program to acquire additional water supplies to supplement the quantity of water dedicated to fish and wildlife purposes will be continued. Examples of the types of options which could be identified could include improvements in or modifications of the operations of the Central Valley Project, water banking, conservation, transfers, and conjunctive use.

Reclamation plans to use the amount programmed in FY 1996 to purchase water from willing sellers. Water could be purchased outright, leased on a temporary basis, or acquired through an option.

Land Retirement ($6,118,000): Section 3406(b)(3), 3408(h). A program to acquire land and associated water rights in order to establish wildlife habitat, reduce irrigation drainage problems, or provide additional water supplies to Central Valley refuges and wildlife habitat areas. Possible acquisitions include, for example, the drainage problem lands as described in the management plan in the San Joaquin Valley Drainage Program final report. These lands are characterized by low productivity, poor drainage, and high levels of selenium in shallow ground water.

Reclamation plans to use the amount programmed for FY 1996 to purchase lands from willing sellers. Lands will be selected for purchase based upon the degree to which an acquisition would further the broad environmental objectives of the CVPIA. Lands could be purchased outright for permanent fallowing, leased on a temporary basis, or acquired through an option.

Shasta Division, CVP ($11,881,000)

Shasta Temperature Control Device ($11,281,000): Section 3406(b)(6). Anadromous salmonids have experienced drastic population declines in the past 50 years within the Central Valley. Installation of the TCD will permit power generation at Shasta Dam while improving flexibility to meet temperature requirements for fisheries in the Sacramento River downstream.

A construction contract was awarded in November 1994. Construction activities will continue in FY 1996 with an anticipated completion date of October 1996.

Restore Spawning Gravel ($600,000): Section 3406(b)(13). Salmon populations have declined drastically within the Central Valley due in part to a loss of access to historic and/or appropriate spawning gravels. Spawning gravel must be restored on upper Sacramento, American, and Stanislaus Rivers. A program to reestablish meander belts, and limit bank protection activities to avoid and reduce habitat loss will also be developed.

Summarized Financial Data

Central Valley Project Restoration Fund	FY 1995	FY 1996
Friant Division Surcharges, 3406(c)(1)	$5,891,000	$5,891,000
Additional mitigation and restoration payments, 3407(d)	31,735,000	37,538,000
Surcharge on Power (1 mil per KWh) ($.001 x 7,650,000)	+7,650,000	-0-
Water Transfer Charge	- 0 -	150,000
Total Appropriation	$45,276,000	$43,579,000

CENTRAL VALLEY PROJECT
RESTORATION FUND
$'s in thousands

Project or Study	FY 1995 Enacted	FY 1996 Request
GENERAL INVESTIGATIONS		
San Joaquin River Basin Res Mgmt Initiative	1,000	1,000
Subtotal -- Habitat Restoration	1,000	1,000
CONSTRUCTION		
Miscellaneous Project Programs		
Refuge Water Supply	3,310	3,000
Anadromous Fish Program	2,295	3,000
Water Conservation Projects	1,000	0
Water Augmentation Program	900	0
Private Wetlands/Joint Venture	0	500
Project Fishery Impacts	0	0
Ecosystem/Water Conservation Study	1,200	0
Refuge Wheeling Costs	1,200	1,700
Dedicated Project Yield	275	375
Evaluate Project Operations	230	0
Sacramento River Division		
CVPIA Supporting Investigations	1,000	1,500
San Joaquin Division		
San Joaquin Basin Action Plan	5,437	1,000
Water Acquisition	5,514	11,005
Land Retirement	6,974	6,118
Subtotal -- Habitat Restoration	29,335	28,198
CONSTRUCTION		
Shasta Division		
Shasta Temperature Control Device	7,751	11,281
Coleman National Fish Hatchery	2,735	0
Restore Spawning Gravel	0	600
Miscellaneous Project Programs		
Flood Agricultural Lands for Waterfowl/ Yield Enhancement	1,000	500
Central Valley Assessment/ Monitoring Program	2,035	2,000
Unscreened Diversions	0	0
Sacramento River Division		
Fish Passage Program	500	0
Pilot Research Pump Evaluation	920	0
Subtotal -- Other F&W	14,941	14,381
TOTAL -- RESTORATION FUND	45,276	43,579

WORKING CAPITAL FUND

Description

The Working Capital Fund operates for the primary purpose of financially managing activities such as the acquisition and replacement of capital equipment, the cost recovery for services provided to others, and the recovery of indirect costs in the Reclamation Service Center and regional offices.

By design, the fund operates on a self-supporting basis through user charges which are deposited in the funding.

Summarized Financial Data

Working Capital Fund	Enacted FY 1995	Request FY 1996
Appropriation	$ -0-	$ -0-
Revenue	314.741,000	331,692,000
Application of prior year funds	69,282,340	39,081,000
Unobligated balance, end of year	-39,081,000	-39,081,000
Total program	$344,942,340	$331,692,000

PERMANENT APPROPRIATIONS
Colorado River Dam Fund - Boulder Canyon Project

Description

The Boulder Canyon Project Act of 1928 established the Colorado River Dam Fund. Revenues are derived mainly from the sale of electrical energy generated at Hoover Dam and placed in this fund. The Hoover Power Plant Act of 1984 established that all receipts would be deposited into the Colorado River Dam Fund to be available without further appropriation for payment of operation and maintenance, replacement, interest and repayment.

FY 1996 Program

Operation and Maintenance, $28,404,000

In 1987, Reclamation assumed responsibility for the operation and maintenance of the powerplant. The program includes ongoing expenses, necessary for continued delivery of project benefits, such as personnel costs, water scheduling, Denver and regional office support services, and materials and supplies. Other activities include renovation of a deteriorating roadway, compliance with the Life Safety Code programs, design and installation of jet-flow gates, replacement of worn or dated equipment, visitor services activities, and security for the dam and associated facilities.

Payment of interest on advances from the Treasury, $11,500,000

Interest is paid to the Treasury on funds advanced for construction of the Hoover Dam and appurtenant project works (42 U.S.C. 618a (b)).

Payment to States of Arizona and Nevada, $600,000

Annual payments of $300,000 each are made to Arizona and Nevada from operations of the Boulder Canyon Project, as provided by law (43 U.S.C. 618a (c)).

Uprating and Betterment, $1,043,000

The powerplant uprating program is funded by non-Federal power users. As of May 23, 1993, all Hoover Generating units have been uprated, increasing the total nameplate capacity from 1,340 megawatts to 2074.0 megawatts. Modification of the programmable master supervisory control system will continue in FY 1996.

Subtotal - Obligation $41,547,000

Transfer to Western Area Power Administration, $4,556,000

A transfer is made to WAPA for operation and maintenance, and purchase power.

Transfer to Lower Colorado River Basin Development Fund (LCRBDF), $11,741,000

Public Law 98-381 provides that the rates charged for Boulder Canyon Project power include certain amounts for transfer to the LCRBDF.

Summarized Financial Data

Colorado River Dam Fund	Enacted FY1995	Request FY1996
Appropriation, Permanent Indefinite:	$50,503,000	$58,783,000
Transfer to LCRBDF:	-11,315,000	-11,741,000
Transfer to WAPA:	-7,472,000	-4,556,000
Budget Authority, Colorado River Dam Fund:	$31,716,000	$42,486,000
Application of prior year funds	2,408,000	257,000
Prior year funds carried into succeeding year:	-257,000	-1,196,000
Total obligation	$33,867,000	$41,547,000

MISCELLANEOUS PERMANENT APPROPRIATIONS

Description

Miscellaneous Permanent Appropriations consist of four separate appropriations: Operation, Maintenance, and Replacement of Project Works, North Platte Project; Payments to Farmers' Irrigation District; Payments to Local Units, Klamath Reclamation Area; and Operation and Maintenance of Quarters, Fort Simcoe Job Corps Center.

FY 1996 Program

Operation, Maintenance, and Replacement of Project Works, North Platte Project (Gering and Fort Laramie, Goshen and Pathfinder Irrigation Districts), $7,000.

Revenues are derived from the operation of project powerplants, leasing of project grazing and farm lands, and the sale or use of townsites.

These revenues are deposited to a Special Receipt Account No. 14X5058 (Operation, Maintenance, and Rehabilitation - North Platte Project) which is maintained exclusively for that purpose. The monies are collected in one year and disbursed in the next.

Legal authority: The Act of July 17, 1952, Public Law 578 (66 Stat. 755), section 4. Revenues may be expended for the replacement of the project works operated and maintained by the water users to meet annual costs of operation and maintenance of such work. The disposition of funds is made pursuant to a repayment contract with the districts on an agreed upon percentage based on amount of acreage. It is applied first to their share of O&M charges, second to construction charges, and last as directed by the districts.

Payment to Farmers' Irrigation District (North Platte Project, Nebraska-Wyoming), $8,000.

The source is power revenues from the North Platte project. Payments are paid annually to the Farmers' Irrigation District toward payment of the annual cost of carrying the Northport Irrigation District's water through the Farmers' Irrigation District canal.

The monies are deposited in the Reclamation Fund and disbursed from Expenditure Account No. 14X5059. The $8,000 is paid out each year to the Farmers' Irrigation District. As of September 1994, 37 such payments had been made.

Legal authority: The Act of August 13, 1957, Public Law 85-123 (71 Stat. 342). In 1957, Congress fixed the value of the Northport Irrigation District's interest in all future power revenues from the North Platte project in the amount of $479,602. It authorized the Secretary of the Interior to retain these funds and to apply up to $8,000 per year toward payment of the annual cost of carrying the district's water through the Farmers' Irrigation District. The contract between the United States and the Northport Irrigation District providing for the repayment of construction expenditures was amended pursuant to the above legislation. In effect, the district gave up its future rights and interests under subsections I. and J. of Section 4 of the Act of December 5, 1924, (the Fact Finders' Act) in exchange for the fixed payment in its behalf to the Farmers' Irrigation District of $8,000 per year for 60 years.

Payments to Local Units, Klamath Reclamation Area, $250,000.

Twenty-five percent of net revenues collected during each fiscal year from the leasing of Klamath project reserved Federal lands within the boundaries of the Lower Klamath National Wildlife Refuge and the Tule Lake National Wildlife Refuge are to be paid annually by the Secretary to the counties in which such refuges are located. Such payments are made on a pro rata basis to each county based upon the refuge acreage in each county.

The monies are deposited in the Reclamation Fund and disbursed from Expenditure Account No. 14X5103. Payments are made each year to Klamath, Modoc, and Siskiyou Counties.

Legal authority: The Acts of September 1, 1964 (70 Stat. 799), and October 12, 1984 (78 Stat. 850). Payments were authorized in lieu of taxes that the counties would have collected from the production lands had they been privately held.

Operation and Maintenance of Quarters, Fort Simcoe Job Corps Center, $15,000.

The source of revenue is from the use of the quarters from the operation of the Fort Simcoe Job Corps Center. The amount of revenue varies from year to year.

The monies are deposited in Receipt Account No. 14X5053. Funds are used for maintenance of the Job Corps Center quarters.

Legal authority: The Act of October 12, 1984, Public law 98-473 (78 Stat. 850), section 320 provided that rents and charges collected by payroll deduction or otherwise for the use or occupancy of quarters of agencies should be deposited in a special fund to remain available until expended, for the maintenance and operation of the quarters.

Summarized Financial Data

Miscellaneous Permanents	Enacted FY 1995	Request FY 1996
Operation, Maintenance, and Replacement (Gering and Fort Laramie, Goshen and Pathfinder Irrigation District)	$ 7,000	$ 7,000
Payment to Farmers' Irrigation District (North Platte Project, Nebraska-Wyo)	8,000	8,000
Payments to local Units, Klamath Reclamation Area	250,000	250,000
Operation and Maintenance of Quarters, Fort Simcoe Job Corps Center	15,000	15,000
Total Appropriation	$280,000	$280,000
Application of Prior Year Funds	35,000	- 0 -
Total program	$315,000	$280,000

EXPLANATION OF CHANGES IN APPROPRIATION LANGUAGE
FISCAL YEAR 1996

CONSTRUCTION PROGRAM

Add the following proviso:

> Provided further, That, subject to a match of at least an equal amount made by the National Fish and Wildlife Foundation, funds may be made available to such Foundation through grants or cooperative agreements for water conservation and fish and wildlife restoration activities:

This language requires that the National Fish and Wildlife Foundation provide, at a minimum, matching funds for any funding provided the Foundation by the Bureau of Reclamation.

OPERATION AND MAINTENANCE

Delete the following proviso:

> ["Provided further, That of the total appropriated, such amounts as may be required for replacement work on the Boulder Canyon Project which would require readvances to the Colorado River Dam Fund shall be readvanced to the Colorado River Dam Fund pursuant to section 5 of the Boulder Canyon Project Adjustment Act of July 19, 1940 (43 U.S.C. 618d), and such readvances since October 1, 1984, and in the future shall bear interest at the rate determined pursuant to section 104(a)(5) of Public Law 98-381:"]

This provision has been in this account's appropriation language every year since 1987, and it is unnecessary now as a blanket provision. Should an extraordinary need arise for readvances to the Fund, a request for a specific amount will be made.

GENERAL ADMINISTRATIVE EXPENSE

Revise the language as follows:

> "For necessary expenses of general administration and related functions in the office of the Commissioner, the Denver office, and offices in the five regions of the Bureau of Reclamation, [$54,191,000, of which $1,400,000 shall] to remain available until expended, [the total amount] $50,327,000, to be derived from the Reclamation fund and to be nonreimbursable pursuant to the Act of April 19, 1945 (43 U.S.C. 377): Provided, That no

> part of any other appropriation in this Act shall be available for activities or functions budgeted for the current fiscal year as general administrative expenses. (Energy and Water Development Appropriations Act, 1995.)

All funds in the General Administrative Expenses account will be no-year funds under this proposal. Consistent with recommendations of the National Performance Review, this change will allow managers flexibility to operate more efficiently and encourage managerial responsiveness that will produce results, not spending.

CENTRAL VALLEY PROJECT RESTORATION FUND

Revise the language as follows:

> For carrying out the programs, projects, plans, and habitat restoration, improvement, and acquisition provisions of the Central Valley Project Improvement Act, to remain available until expended, such sums as may be [assessed and] collected in the Central Valley Project Restoration Fund pursuant to sections 3407(d), 3404(c)(3), 3405(f) and 3406(c)(1) of Public Law 102-575: Provided, that the Bureau of Reclamation is directed to levy additional mitigation and restoration payments totaling [$37,232,000] $30,000,000 (October 1992 price levels) on a three year rolling average basis, as authorized by section 3407(d) of Public Law 102-575.

This change adopts the language in Section 3407(d) of Public Law 102-575, which restricts the additional levy to the $30,000,000 amount (October 1992 prices) on a three year rolling average basis. Thus, if the levy in a particular year should be less than or exceed the $30,000,000 level, subsequent levies should vary in an amount sufficient to maintain the three year rolling average. The words "assessed and" are unnecessary because only the amount collected is available for appropriation.

WORKING CAPITAL FUND

Delete the following language:

> [Of the offsetting collections credited to this account, $863,000 are permanently canceled due to reduced GSA rental charges and $1,848,000 are permanently canceled due to efficiencies in the procurement process.]

This removes language inserted into the FY 1995 request as a one-time action to implement savings to be derived from reduced rental payments and procurement reform.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUDGET JUSTIFICATIONS, F.Y. 1996

MARCH 3, 1849

CENTRAL UTAH PROJECT COMPLETION ACT

NOTICE: These budget justifications are prepared for the Energy and Water Development Appropriations Subcommittees. Approval for release of the justifications prior to their printing in the public record of the Subcommittee hearings may be obtained through the Office of Budget of the Department of the Interior.

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Central Utah Project Completion Act

FY 1996 Budget Justifications

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CENTRAL UTAH PROJECT COMPLETION ACT

General Statement

The Central Utah Project Completion Act (Act), Titles II - VI of P.L. 102-575, provides for completion of the Central Utah Project (CUP) by the Central Utah Water Conservancy District (District). The Act also authorizes funding for fish, wildlife, and recreation mitigation and conservation; establishes an account in the Treasury for the deposit of these funds and other contributions; and establishes the Utah Reclamation Mitigation and Conservation Commission (Commission) to coordinate implementation of the mitigation and conservation activities.

The Fiscal Year (FY) 1996 request for funds for use by the District, the Commission and the Secretary of the Interior (Secretary) to implement Titles II - IV of the Act are described in this document. The request for funds authorized in Title II to complete features being constructed by the Bureau of Reclamation is described in its budget. Funds to implement Title V (the Ute Indian Water Rights Settlement) are included in the Bureau of Indian Affairs budget. Finally, the budget for the Western Area Power Administration (WAPA) contains a request for its contribution to the Utah Reclamation Mitigation and Conservation Account.

Overview - Total budget authority in FY 1996 for Titles II - IV is $50.2 million. As described below, this includes the $44.1 million in current budget authority requested herein and permanent budget authority consisting of contributions to the Utah Reclamation Mitigation and Conservation Account by WAPA ($5.3 million) and the District ($0.8 million).

Summary of FY 1996 Budget Authority by Account
(in thousands of dollars)

Central Utah Project Completion Account	$25,636
Utah Reclamation Mitigation and Conservation Account	18,503
Total current budget authority	$44,139
Utah Reclamation Mitigation and Conservation Account	$6,075
Total permanent budget authority	$6,075
Total budget authority	$50,214

Central Utah Project Completion Account - The FY 1996 request for current budget authority is $44.1 million, of which $25.6 million will be expended from this account and $18.5 million will be transferred to the Utah Reclamation Mitigation and Conservation Account for use by the Commission.

Central Utah Project

The request includes $18.9 million for use by the District to:

- continue construction of the Diamond Fork pipeline;
- complete preconstruction work and initiate construction on Monks Hollow Dam and the Duchesne/Strawberry diversions structures;
- complete preconstruction work on the Spanish Fork Canyon/Nephi Irrigation System and on replacement facilities for the Uintah/Upalco Units;
- complete water management improvement plans and studies and initiate implementation of water conservation projects; and
- complete the feasibility study of conjunctive use of surface and groundwater and initiate groundwater recharge and conjunctive use programs.

The request also includes a total of $6.7 million for use by the Secretary:

- $5.0 million for the Federal contribution to the principal of the Utah Reclamation Mitigation and Conservation Account pursuant to Sec. 402(b)(2);
- $0.5 million for mitigation and conservation projects outside the State of Utah pursuant to Sec. 314(c); and
- $1.2 million for a staff to provide liaison with the District, the Commission and the Ute Indian Tribe, and to otherwise assist in carrying out responsibilities of the Secretary under the Act.

The $18.5 million requested for transfer to the Utah Reclamation Mitigation and Conservation Account for use by the Commission includes:

- $15.7 million for fish, wildlife, recreation mitigation and conservation projects authorized in Title III; and
- $2.8 million authorized in Sec. 201(a)(1) for completing mitigation measures committed to in Bureau of Reclamation planning documents.

These requests are discussed in more detail on the following pages.

Utah Reclamation Mitigation and Conservation Account - In FY 1996, funds deposited in or transferred to this account are estimated to total $34.8 million. Of this total, $24.6 million will be available for the Commission's use, including the $18.5 million request described above. In addition, Sec. 402(c)(2) of the Act authorizes the Commission to expend, without further action by the Congress, contributions from WAPA ($5.3 million) and from the District ($0.8 million).

The remaining deposits are added to the principal of this account, which may not be expended. This includes the $5.0 million Federal contribution described above, a $3.0 million contribution from the State of Utah, and an estimated $2.2 million in interest. The Act provides that, once the Title III projects are completed, future interest on the accumulated principal will be available for the Commission's use. The estimated principal in the Account at the end of FY 1996 is $39.3 million.

CENTRAL UTAH PROJECT COMPLETION ACCOUNT

Location:	This project is located in central Utah, in the eastern part of the Bonneville Basin and in the Uinta Basin, in Uintah, Duchesne, Wasatch, Summit, Utah, Salt Lake, and Juab Counties, Utah.
Description:	The Central Utah Project Completion Act (Act), Titles II-VI of Public Law 102-575, provides for the completion of the Central Utah Project by the Central Utah Water Conservancy District. This involves completion of the Bonneville Unit (the Diamond Fork and Spanish Fork Canyon/Nephi Irrigation Systems) and construction of the Uinta Basin Replacement Project. Funding is also authorized for studies and programs intended to improve water management and conservation. In addition, the Act authorizes funding for fish, wildlife and recreation mitigation and conservation activities and establishes the Utah Reclamation Mitigation and Conservation Commission to coordinate those activities.
Authorization:	Public Law 102-575, October 30, 1992.
Related Authorizations:	Public Law 84-485, April 11, 1956; Public Law 92-370, August 10, 1972; Public Law 94-423, September 28, 1976; and Public Law 100-563, October 31, 1988.
Land Certification:	Land certifications for the Spanish Fork Canyon/Nephi Irrigation System, and for facilities that would replace the Uintah and Upalco Units, are not yet complete.
Definite Plan Reports/ Pre-Construction Reports:	The schedule for approval of planning documents is: Diamond Fork Pipeline - approved December 1994 Wasatch County Water Efficiency Project - September 1995 Spanish Fork Canyon/Nephi Irrigation System - May 1996 Uintah/Upalco Replacement Facilities - June 1996.
Benefit-Cost Ratios as of October 1, 1995:	As revised project cost allocations are not available, benefit/cost ratios cannot be calculated.
Completion Data:	Work authorized by Public Law 102-575 is projected to be completed by September 2003.
Project Cost Allocation/ Project Repayment:	Project cost allocations and details of project repayment will be developed as planning activities are completed.

Status of Repayment Contract: Repayment will be covered by existing repayment contracts contracts with the Central Utah Water Conservancy District. Amendments, or supplemental repayment contracts, will be negotiated as necessary.

Other Information: Reports accompanying the Act state that the authorizing committees expect the District will explore replacement features for the Uintah and Upalco Units which would be less costly, more feasible, and environmentally less damaging than features planned by the Bureau of Reclamation. In August 1993, an agreement was executed with the District providing in part that the Federal Government would provide up to 65 percent of the costs of such studies, but not to exceed $7.5 million (January 1991 prices). Studies costs are being applied against the appropriation ceilings for the Uintah and Upalco Units.

The appointment of the fifth and final member of the Commission was made in December 1994.

Millard County was excluded from the District and the project in 1994, precluding the delivery of project water to the Sevier River basin. As provided in section 202(a)(1)(B), the District is proceeding with plans for an alternate system to deliver irrigation water to lands in the Utah Lake drainage basin. As a result, the Irrigation and Drainage System has been renamed the Spanish Fork Canyon/Nephi Irrigation System.

Appropriation Ceiling: Appropriation ceilings remaining as of October 1995 are:

- Title II (§ 202 to § 207) - $327,683,000
- Title II (§ 201(a)(1)) - $22,700,000
- Title III - $144,766,000

Work Proposed For FY 1996:

Title II - Central Utah Project Construction

Spanish Fork Canyon/Nephi Irrigation System **$2,400,000**

Complete the public involvement program, complete the Definite Plan Report (DPR), complete and file the Final Environmental Impact Statement, and submit final documents for Interior Department approval.

Conjunctive Use of Surface and Ground Water **1,000,000**

The Utah Division of Water Resources will continue the feasibility study of systems to allow ground water recharge and management and the conjunctive use of surface water and ground water resources in Salt Lake, Utah, Davis, Wasatch, and Weber Counties. FY 1996 activities include initiation of groundwater recharge programs and of conjunctive use.

Wasatch County Water Efficiency Project **2,146,000**

Continue public involvement; prepare design and contract documents; acquire required land, rights-of-way, and permits; conduct the bid and award process; and initiate construction and construction management services.

Diamond Fork Construction **9,815,000**

Continue construction of the Diamond Fork Pipeline. Complete the environmental and hydrologic studies for Monks Hollow Dam with continued public involvement; prepare design and contract documents; acquire required land, rights-of-way, and permits; and conduct the bid and award process.

Uinta Basin Replacement Project **737,000**

Complete office and field studies; analyze impacts of the Uinta Basin Replacement Project alternatives on the development of the re-formulated Uintah Unit and Upalco Unit plans; prepare Draft and Final Environmental Impact Statements; prepare Pre-Construction Reports; and submit final documents for Interior Department approval.

Duchesne/Strawberry Diversion Structures **500,000**

Initiate activities associated with the Duchesne/Strawberry Diversion Structures which includes acquisition of required land, rights-of-way, and permits.

Water Management Improvements **2,078,000**

Evaluate the financial and environmental benefits and costs of conservation measures proposed for inclusion in the Water Management Improvement Inventory. Implement and maintain measures that have met the requirements of Sec. 207(b). Complete the Phase II Coordinated Operations Study. The Utah Water Conservation Advisory Board will complete the preparation of conservation standards and regulations.

Title II Subtotal **$18,676,000**

Uintah and Upalco Studies

Complete office and field studies; complete the Pre-Construction Reports; complete and file the Final Environmental Impact Statements; submit final documents for Interior Department approval; and develop financial plans.

Unitah and Upalco Studies Subtotal **$229,000**

Central Utah Project

Section 201(a)(1) - Mitigation Measures

As provided in Sec. 301(n) of the Act, responsibility for completing mitigation measures committed to in Bureau of Reclamation planning documents has been transferred from Reclamation to the Commission. Funds authorized for such measures in Sec. 201(a)(1) of the Act will be used to complete Jordanelle Reservoir recreation facilities, make instream improvements for fish habitat, acquire fisherman access, and plan waterfowl management areas.

Section 201(A)(1) Subtotal **$2,832,000**

Title III- Fish, Wildlife, and Recreation Mitigation and Conservation

The Act established 43 mitigation projects within Title III. These projects have been organized into five main areas.

Diamond Fork Fish and Wildlife **$76,000**
Activities in the Sixth-Water/Diamond Fork corridor include rehabilitation and enhancement of fish habitat, acquisition of angler access, and riparian habitat development.

Provo River/Utah Lake Fish and Wildlife **10,630,000**
Activities in the Utah Lake area and the Provo River corridor include: fishery habitat improvement; enhancement of riparian habitat, wetlands, recreation, and public access; collection of engineering and environmental data for diversion dam rehabilitation; work on the Daniels Creek replacement pipeline; acquisition of Provo River water rights and angler access; and acquisition and development of lands for the Utah Lake Wetland Preserve. Activities within the Jordan River corridor include public involvement and NEPA compliance activities, land acquisition to provide for fishery improvements, rehabilitation of riparian habitat, protection of wetlands, and recreation along the Jordan River.

Duchesne/Strawberry Rivers Fish and Wildlife **1,049,000**
Activities associated with the Strawberry Valley ecosystem, the Duchesne River, and the Strawberry Collection system include: management of Strawberry Reservoir and restoration of its tributaries to assure trout spawning recruitment; development of management plans; wildlife and riparian habitat rehabilitation; development of plans for acquisition of big game winter range and angler access along with enhancements to watershed, riparian habitat, and upland wildlife habitat.

Statewide Fish, Wildlife, and Recreation **3,916,000**
Statewide proposals include activities associated with acquiring public access; restoring native cutthroat populations; restoring fish habitat; improving small dams and watersheds; improving fish hatchery production; and conducting inventories of sensitive plant and wildlife species and ecosystems. Activities within the Great Salt

Lake Wetland ecosystem include the development of a management plan and acquisition and development of wetlands adjacent to the Great Salt Lake. Activities in the Fremont Drainage include the development and implementation of plans to improve the watershed, stream, and riparian habitats for fish and wildlife.

Fish and Wildlife Conservation Projects	**485,000**

Sec. 314(c) provides that three percent of the funds appropriated for Title III activities are to be used by the Secretary for mitigation and conservation projects outside the State of Utah.

Title III Subtotal	**$16,156,000**

Title IV - Federal Contribution

Sec. 402(b)(2) provides for an Federal contribution of $5,000,000 per year to the principal of the Utah Reclamation Mitigation and Conservation Account. Sec. 314 provides that this contribution will have the first priority of any appropriations for Titles II through IV.

Title IV Subtotal	**$5,000,000**

Program Oversight & Administration

Funds are requested for a small staff in the Office of the Secretary located in Utah to provide oversight, review and liaison with the District, the Commission, and the Ute Indian Tribe; and to assist in administering the responsibilities of the Secretary under the Act.

Program Oversight & Administration Subtotal	**$1,246,000**
TOTAL REQUEST	**$44,139,000**

Proposed Appropriation Language for FY 1996

CENTRAL UTAH PROJECT COMPLETION ACCOUNT

For the purpose of carrying out provisions of the Central Utah Project Completion Act, Public Law 102-575 (106 Stat. 4605), and for feasibility studies of alternatives to the Uintah and Upalco Units, [$38,972,000] $42,893,000, to remain available until expended, of which [$22,839,000 shall be to carry out the activities authorized under title II of the Act and for feasibility studies of alternatives to the Uintah and Upalco Units, and of which $16,133,000] $23,503,000 shall be deposited into the Utah Reclamation Mitigation and Conservation Account: *Provided*, That of the amounts deposited into the Account, $5,000,000 shall be considered the Federal Contribution authorized by paragraph 402(b)(2) of the Act and [$11,133,000] $18,503,000 shall be available to the Utah Reclamation Mitigation and Conservation Commission to carry out [the] activities authorized under [title III of] the Act.

In addition, for necessary expenses incurred in carrying out responsibilities of the Secretary of the Interior under the Act, [$1,191,000] $1,246,000, to remain available until expended.

Explanation of Changes

Delete the following:

"$22,839,000 shall be to carry out the activities authorized under title II of the Act"

This change reflects the fact that not all of the difference between the total amount appropriated ($42,893,000) and the amount deposited into the Utah Reclamation Mitigation and Conservation Account ($23,503,000) will be used for activities authorized under Title II. Sec. 314(c) provides that three percent of the funds appropriated for Title III activities are to be used by the Secretary for mitigation and conservation projects outside the State of Utah. The amount requested in FY 1996 for Sec. 314(c) activities ($485,000) will be administered by the Program Director, and not deposited into the Utah Reclamation Mitigation and Conservation Account.

Move the following:

"and for feasibility studies of alternatives to the Uintah and Upalco Units"

This change is made necessary by the previous deletion.

Delete the following:

"title III of"

This change reflects the fact that not all of the funds made available to the Commission ($18,503,000) will be used for activities authorized under Title III. As provided in Sec. 301(n) of the Act, responsibility for completing mitigation measures committed to in Bureau of Reclamation planning documents has been transferred from Reclamation to the Commission. The FY 1996 request includes $2,832,000 in funds authorized in Sec. 201(a)(1) for such measures.

Central Utah Project Completion Account

Program and Financing (in thousands of dollars)

Identification Code 14-0787-0-1-301		1994 actual	1995 est	1996 est.
	Program by activities:			
0.01	Central Utah Project Construction	10,866	19,251	18,676
0.02	Mitigation & Conservation	9,850	5,000	5,485
0.03	Uintah/Upalco Studies	4,054	3,588	229
0.04	Program Administration	663	1,528	1,246
10.00	Total obligations	25,433	29,367	25,636
	Financing:			
21.40	Unobligated balance available, start of year: Treasury balance	0	-337	0
24.40	Unobligated balance available, end of year: Treasury balance	337	0	0
39.00	Budget authority	25,770	29,030	25,636
	Budget authority:			
40.00	Appropriation	25,770	40,163	44,139
41.00	Transferred to Utah reclamation mitigation and conservation account	0	11,133	18,503
43.00	Appropriation (total)	25,770	29,030	25,636
	Relation of obligations to outlays:			
71.00	Total obligations	25,433	29,367	25,636
72.40	Obligated balance, start of year: Treasury balance	0	473	0
74.40	Obligated balance, end of year: Treasury balance	-473	0	0
90.00	Outlays	24,959	29,840	25,636

Object Classification (in thousands of dollars)

Identification Code 14-0787-0-1-301		1994 actual	1995 est	1996 est
11.1	Personnel compensation: Full-time permanent	60	290	301
12.1	Civilian personnel benefits	142	49	51
21.0	Travel and transportation of persons	89	10	10
25.2	Other services	15,292	24,018	19,954
25.3	Purchases of goods and services from Government accounts	0	0	320
41.0	Grants, subsidies and contributions	9,850	5,000	5,000
99.9	Total obligations	25,433	29,367	25,636

Personnel Summary

Identification Code 14-0787-0-1-301	1994 actual	1995 est.	1996 est.
Total compensable workyears:			
Full-time equivalent employment	1	5	5

Utah Reclamation Mitigation and Conservation Account

Unavailable Collections (in thousands of dollars)

Identification Code 14-5174-0-2-301		1994 actual	1995 est.	1996 est.
1.99	Balance, start of year	0	13,579	23,570
	Receipts:			
2.01	State contribution to principal	3,000	3,000	3,000
2.02	Interest on principal	79	1,991	2,240
2.03	Federal contribution to principal	5,000	5,000	5,000
2.04	Contributions from project beneficaries (District)	750	773	792
2.05	Contributions from project beneficaries (WAPA)	5,000	5,135	5,283
2.06	Annual appropriations for Commission	4,850	0	0
2.99	Total receipts	18,679	15,899	16,315
4.00	Total: Balance and collections	18,679	29,478	39,885
	Appropriation:			
5.01	Utah reclamation mitigation and conservation account	-5,100	-5,908	-6,075
5.99	Total appropriation	-5,100	-5,908	-6,075
7.99	Balance, end of year	13,579	23,570	33,810

Utah Reclamation Mitigation and Conservation Account (cont'd)

Program and Financing (in thousands of dollars)

Identification Code 14-5174-0-2-301		1994 actual	1995 est.	1996 est.
	Program by activities:			
10.00	Total obligations (object class 25.2)	4,606	17,535	24,578
	Financing:			
21.40	Unobligated balance available, start of year: Treasury balance	0	-494	0
24.40	Unobligated balance available, end of year: Treasury balance	494	0	0
39.00	Budget authority	5,100	17,041	24,578
	Budget authority:			
	Current:			
40.20	Appropriation (special fund, definite)	4,850	0	0
42.00	Transferred from Central Utah Project completion account	0	11,133	18,503
43.00	Appropriation (total)	4,850	11,133	18,503
	Permanent:			
60.25	Appropriation (special fund, indefinite)	250	5,908	6,075
	Relation of obligations to outlays:			
71.00	Total obligations	4,606	17,535	24,578
72.40	Obligated balance, start of year: Treasury balance	0	3,461	3,408
74.40	Obligated balance, end of year: Treasury balance	-3,461	-3,408	-4,916
90.00	Outlays	1,146	17,588	23,071

Mr. MYERS. Thank you. Under the policy established by our former Chairman and still present Member, we have always recognized members of this committee who have a direct relationship with the Bureau of Reclamation. In this case, you have a greater impact in California than you have Alabama, New Jersey or Indiana, so at this time we recognize Mr. Fazio.

MR. FAZIO'S OPENING REMARKS

Mr. FAZIO. Thank you, Mr. Chairman, and thank you, Mr. Bevill along with Mr. Frelinghuysen, for letting me go first here. I normally take far too much time on these occasions, but I am restrained by the fact that I am supposed to be at the House Oversight Hearing on Committee Budgets. I am the Ranking Member there, so maybe that will keep me from going overly long.

KESTERSON REPORT

First, I wanted to welcome all of you and thank you, Dan, for delivering to the committee the Kesterson report, which has been so long coming. I think it is five years now perhaps that we have been waiting for that, but it is done, and I want to celebrate the occasion.

Do you want to comment on what it says briefly?

Mr. BEARD. Yes. I think the issue here was that the committee made available over an extended period of time, approximately $80 million to clean up Kesterson Reservoir and then to study how one might address the issue of drainage problems in the San Joaquin Valley.

The issue, then, was should these expenditures be reimbursed and who should reimburse them. The thrust of the report is that we have spent a long time examining this issue, and have concluded that the law presently does not enable us to forgive repayment of these expenditures so that they, under the laws that exist, must be repaid in accordance with existing law.

What the report does note is that, I think a good case can be made that about $50 million of the $80 million should not—does not need to be repaid, that it is a nonreimbursable expenditure. We spent those funds in the pursuit of knowledge. It benefited the taxpayers in general, and that obligation ought not to be placed on the California water users involved.

Mr. FAZIO. Does it take a change of law in order to do that?

Mr. BEARD. It does take a change of law in order to do that. This is the recommendation in the report. But we are not going to send the bill out, if you will, until next January, and we are going to give the Congress an appropriate period of time to wrestle with this question and decide whether or not it agrees.

Mr. FAZIO. It is something we may want to take up in concert with Mr. Young and his committee and others of jurisdiction there. I wanted to also thank you for the work that Betsy Rieke and Roger Patterson did.

BAY/DELTA AGREEMENTS

Mr. Secretary, I agree that this Bay/Delta agreement is extraordinary and historic, and frankly, I am very relieved at the degree to which it has been broadly accepted, I think, by all elements of the water users of California. I think it is, obviously, a good sign that perhaps the overly political atmosphere which I think restrained us from doing a lot of things that needed to be done is behind us for the time being.

I hope we can go on and do a lot of other things that will not make all of us happy, but at least will provide the certainty that I think has been so lacking out there. That will allow people to go ahead and plan and make decisions based on some firm foundation.

CVP CONTRACT RENEWAL

One of the things I would like to get into today is perhaps best made clear by the debate we have just had over the biological opinion associated with the interim CVP contract renewal process. In my view, it was an attempt by Fish and Wildlife Service folks at the grassroots level to use this three-year interim contract, which as we all understand is something that may last a little longer as we continue to work with the Central Valley Project Improvement Act, to put in place a sweeping mitigation program for the alleged environmental impacts of 40 years of the CVP's operations in both the Sacramento and San Joaquin Valleys.

I want to thank both of you and others for having fought through some of this overly bureaucratic micromanagement, in my view. I want to particularly give Dan Foltz, the assistant regional director of the Mid-Pacific region credit for his efforts. He was tenacious in trying to resolve this.

Mollie Beattie, as well, when she understood the issues, was very helpful in trying to resolve this dispute, but I am sorry it reached the level it did, and I am concerned that what we must continue to pay attention to is the way the field seems to implement things that are not necessarily the policy that people here in Washington have.

I am concerned, very honestly, that we not find future problems cropping up in this whole process as we go over the next few months and try to resolve these issues. The perception in my area of the country is that we have a disconnect between the policymakers and the implementers of policy. And given the Endangered Species Act particularly, which seems to be a bottoms-up kind of approach, we often find things getting out of control, and creating a tremendous amount of ill will, hard feelings, and I might say, political bruising. I wondered if you could speak to the general concern that I have referenced and, specifically, this process of interim contract renewal. I would be interested to hear from both of you.

Secretary BABBITT. Congressman, let me make some general comments, then I will ask Dan to deal with the contract renewal issues. What I learned in the process of the Bay/Delta negotiation was that the only way to get past 30 years of antagonisms and polarization out there is to do what you suggest. If I made one decision that I think really worked, it was sending Betsy Rieke out to be my personal representative—to bring the agencies together and to spend her time traveling through the communities of California listening and bringing people together.

DEPARTURE OF BETSY RIEKE

Now, what I am concerned about is that Betsy is leaving, unhappily and unfortunately, but she goes with my blessing to a very important new assignment.

Mr. FAZIO. I wish her well, but I am terribly unhappy about her decision. It is a tough job for you to fill.

Secretary BABBITT. It is. Specifically, with respect to the Central Valley, what I hope to do, irrespective of who we nominate to be assistant secretary, is name a personal representative in the central valley who will continue Betsy's work with the Bay/Delta issues, but expand that process to include dealing with some of these other issues. This includes Endangered Species Act issues that we have had so much confusion with and to see if we can't blend this process in a way that gets away from this people in isolation doing regulation, which then moves up to a crisis. I hope within the next few weeks to find that person, in consultation with the interested members of the California delegation, and see if we can broaden the process.

Mr. FAZIO. It is an idea that we have talked about in the past, you and I, and I certainly urge that we move with haste because there are so many issues on the table, and we do need people from the policy level involved on a daily basis, not to say that Dan isn't often involved in these issues, and we will hear from him now, but there are just so many. And I must say they are absolutely crucial to a number of us, and I want to encourage as much haste as possible.

Dan.

Mr. BEARD. The only thing I would add, Congressman, is that we have had to change the way we do business in California as a result of the problems that we have had, and in the past there have been far too many people digging into their own foxhole and not talking to the people in the other foxholes, if you will.

It has been very difficult, I think, to get people to come out of their agencies and deal collectively with these issues because we all have a stake in them. I think the hallmark, the reason why the California effort has been so successful is that we have gotten agencies that historically had a lot of suspicion and distrust with one another to work together toward a common objective.

The Club Fed process included EPA, the Department of Commerce and the Interior agencies, Fish and Wildlife and Reclamation, which worked together toward a common objective. It is sad to say that it is an historic event in some regards because people ought to expect that from Federal agencies. It is a process which we are trying to duplicate elsewhere in Reclamation and in other Interior agencies, to try to break down these walls that exist between the agencies and get them to work together.

FISH AND WILDLIFE

Mr. FAZIO. Would you speak, Dan, briefly, though, to the bottom-up/top-down problem we seem to have, particularly with Fish and Wildlife?

Mr. **BEARD**. Well, I would leave comments about the Fish and Wildlife Service to the Secretary or to Mollie Beattie, who is the Director, but I would say that I think our relationship has improved greatly because of the personalities involved. I think a willingness on the part of Fish and Wildlife Service staff and Reclamation staff to sit down at the table and work towards the objectives that the Secretary has laid out for us.

SALE OF CENTRAL VALLEY PROJECT

Mr. **FAZIO**. Well, I certainly hope we can see more fruit from that effort in the future. It has been a continuing problem. Let me ask about the possible sale of the CVP, at the same time that the administration is talking about selling the power marketing agencies, particularly WAPA, which, of course, directly relates to the CVP.

I wonder what the administration's view of this is. To some, of course, these coming along at a similar point in time may be an opportunity, or it may produce an inability to move on either. I would be interested in the reaction of either of you as to how the department views these concepts and what you are doing to either promote them or retard them or whatever you are doing, because it is obviously very important, and you have a major role.

Secretary **BABBITT**. Congressman, I have given a lot of thought to this across the years. In fact, several astute Californians have retrieved a couple of speeches that I gave back in the mid-1980s in California on this subject. It is a fascinating subject for this reason: I think we all recognize that the traditional Bureau approach with respect to discrete projects has been that ultimately, when repayment is done, they ought to transition into the hands of users. Indeed, there has been quite a bit of that happening around the West, and I think that should continue to be the policy.

Once the Federal obligations are fulfilled, there is no reason why intrastate projects shouldn't move toward local ownership and operation. Now, the interstate projects obviously are a different matter. For example, in the Colorado River Basin we can't transfer title to Hoover Dam or Glen Canyon or Curecanti or Flaming Gorge very easily because they are the operating parts of an interstate system.

The Central Valley Project falls somewhere in the middle. It is by its terms an intrastate project. It is, nonetheless, a megaproject which has important ramifications as it relates through the State water connections to the Colorado River and the Owens Valley effort run by the Los Angeles Department of Water and Power. It is an intrastate project which looks a lot like some of these interstate ones.

I listen to the State of California in Sacramento say we would like title to this project to merge it with the operation of the State Water Project. Then I hear from the users in the Central Valley saying wait a minute, we are not all that interested in substituting California bureaucracy for Federal bureaucracy. We would like to take title to it in the classic reclamation mode, which is devolving it to user control. At that point I hear the Metropolitan Water District and other Southern California water people saying well, wait a minute, this has ramifications for us as well.

Now, in the midst of all this my position is that we are really open-minded. We would like to hear this debate for this reason. The important thing is not who holds title. The important thing is how in this new era we work out all these operating relationships, and move all this water management, including the Bay/Delta settlement, toward a workable equilibrium.

We are in midstream on these issues right now. I think we are three to five years away from an equilibrium, which will put the transfer of the CVP on the back burner because everybody will understand. There will be certainty, and it will all be working.

Now, I think the important thing is to deal with these operational issues, saying to all the parties perhaps the pattern of ultimate title will become very clear as we begin to solve these problems. I think there are things out there that will answer this question for us. As far as I am concerned, there ought not to be any presumption that this thing should remain with the Bureau of Reclamation in perpetuity.

There are a lot of difficult questions. I have got an open mind. I think it would be extraordinarily complex for the Congress to try to make that decision on the front end of this transition rather than allowing it to take place first.

Mr. FAZIO. Of course, this issue of selling the power components separately from the water components complicates the issue. Do you want to speak to that one, Dan, at all?

Mr. BEARD. The only thing I would say is to amplify what the Secretary pointed out about the difficulty. It sounds very easy in the abstract, but as you get into it, it becomes exceedingly difficult. I mean, what do you do about the power users. They all have contracts, and those contracts have to be honored.

What do you do about all the other stakeholders that are involved? There are all the various users and municipal and industrial water supply customers of the project. Their contracts have to be honored and they have to be represented in some way. Then there are all the various interest groups and Federal laws that connect as well, and it is not only title and who operates, but under what terms and conditions, which are really laid out in Federal law, State law, permits, and other requirements. It is an exceedingly difficult issue, but it is one, as the Secretary said, we are open to discuss it, talk about it, and grapple with it.

SHASTA TEMPERATURE CONTROL DEVICE

Mr. FAZIO. I just have two questions on specifics, and I will place a lot of other questions in the record. One, and I will ask these of you, Dan, because I think they are directly in your purview, concerns the Shasta Dam Temperature Control Device. Everybody understands how important this is to the fisheries, and yet we see in the budget that we have assumed a substantial contribution from the State of California. I understand your motivation. I understand the difficulty they are having with their continuing recession and its impact on the State budget.

We are not going to let this get away from us, are we? Have you got offsets? How do you intend to proceed if the cost sharing isn't there?

Mr. **BEARD**. Well, we have assumed in this budget the contribution of $20 million from the State of California for the Shasta temperature control device. We have footnoted the budget to say that our request will be adjusted around the end of March, if for some reason, we get no indication from the State that it is going to come up with its funds.

What it will mean is that we will have to send a budget amendment up and that budget amendment will have to readjust our request within the overall total that we have been given by the President, and we will do so. I must say, though, in the authorizing legislation it says very clearly that this will be a cost-shared project and we could not proceed until we had a cost-sharing agreement executed with the State, which the State has executed. I would hope that the state would honor that agreement and find a way to provide these funds because it isn't just the Shasta temperature control device. There are other facilities that are involved as well, Red Bluff being one.

RED BLUFF DIVERSION DAM

Mr. **FAZIO**. I was very concerned about the question of cost sharing on the Red Bluff Diversion Dam. The diversion dam, as you know, is in my district, one of the more important issues we have got to resolve, and I would urge you to speak just briefly to that, if you could.

Mr. **BEARD**. Well, I think the important thing, in both cases, is that these are very high priority projects. They, along with Glenn-Colusa, are fundamentally important to the restoration of the fishery and to eliminate some very difficult problems for the local districts.

I am committed to seeing these projects through and getting them done, but I am also committed to making sure that the State of California comes up with its end of the bargain. The state has already committed to this, and I must say that all the various users and interests out there have been very supportive of our efforts to get a contribution from the State.

We think it is critical, but if for some reason it doesn't happen, we are going to have to make some trade-offs and some reductions in other areas to come up with those funds, but we will do so.

GLENN-COLUSA IRRIGATION DISTRICT

Mr. **FAZIO**. Well, the last one I wanted to touch on was Glenn-Colusa, as you know, another major irrigation district in my district. The problem, of course, is no funding in the bill this year that you have submitted. The budget does not include it.

I understand that we are going to have to have some funding to keep this on the optimum schedule that I think we all want to follow. I understand also that the Bureau has moved some $75,000 from the fish screen account to pay for work elsewhere in the Sacramento River Division, and I am concerned that we need to replace that funding that was already provided as well as to find a way to get additional funding in this fiscal year. I would urge your support for doing that, and I would love to hear your comments.

Mr. **BEARD**. Well, the $75,000 will be replaced. The issue of whether we need construction funding or funds in 1996, again, was a close call on our part. The EIS is under way. I think it is in mid-1996 that it will be finalized.

Then the question was how much money and could we let a contract in fiscal 1996, assuming the normal procedural hoops for all the paperwork that comes out of an EIS. I would just have to tell you it was a judgment call on my part that we didn't need to include it in the 1996 budget request, and, again, it was a judgment. But I would say to you, I visited Glenn-Colusa, I have spent time there, and I understand the problem and the priority and the need for it. It is a critical project, and it is very important to the restoration of the fishery and to future water use along the Sacramento River, so we are supportive of the project. We are going to get it completed as quickly as possible.

This is one, incidentally, where the local sponsors have been very supportive. They have come up with, I think, $4 million and they have $6 million in a trust fund. It isn't because of a lack of local cost sharing or local support.

Mr. FAZIO. I am very proud of the attitude that has been taken there. It is a change in the historic attitude that was confrontational, and I must say that there are many, many projects, very expensive fish screen projects all along the river that my constituents are going to have to be partially responsible for. But we do need to move on them, and there are so many that are not only important to the farmers and their need for irrigation, but for the fisheries. We are just losing too many fish in these diversions that historically never had to worry about the Endangered Species Act or the impact on our commercial and recreational fishing industry. So just suffice it to say, we want to work with you to make sure that we don't miss any opportunities to stay on schedule.

I want to apologize to my colleagues for the amount of time I have taken and indicate that I have many, many questions for the record, and hope we can continue to work together on some of these very difficult and very intractable, at least, in historic terms, problems that I happen to be right in the middle of on a daily basis. And I hope that the positive attitude that you have indicated here today will continue, and I know the individual we have talked about joining the team can make a big difference for all of us in resolving many other problems that we haven't even had time to discuss.

[The information follows:]

THE HONORABLE VIC FAZIO
QUESTIONS FOR SECRETARY OF THE INTERIOR BABBITT

BIOLOGICAL OPINIONS

I would like to thank both you, Secretary Babbitt, and Commissioner Beard for your efforts to address the problems that emerged over the last two months with the biological opinion associated with the interim CVP contract renewal process.

That original document laid out far-reaching and unprecedented conditions that the Bureau of Reclamation and the water districts would be required to meet to avoid jeopardizing several listed species in the Valley. From my point of view, it was an attempt by the Fish and Wildlife Service to use the three-year interim contracts to put in place a sweeping mitigation program for the alleged environmental impacts of 40 years of CVP operations.

Fortunately, again to your credit and the credit of your respective staffs, it appears progress may have been made to begin to turn this issue around.

With respect to the Bureau of Reclamation, I'd particularly like to highlight the good work of the Assistant Regional Director for the Mid-Pacific Region, Dan Fults, who has been tenacious in his efforts to see that this issue is resolved in a reasonable manner.

I'd also like to highlight the good work of Mollie Beattie, Director of the U.S. Fish and Wildlife Service. When this issue was raised to her attention a few weeks ago, she was very responsive to my concerns and the concerns of other Members from the Central Valley. It is unfortunate that this dispute necessarily reached this level of intensity and review.

We are encouraged by some of the changes in the biological opinion. However, I would just caution that we need to ensure that the flexibility reflected in this latest biological opinion carries over to the actual implementation in the field and to the development of the final critical needs plan.

I am very concerned that the changes that have been made will continue to come under fire, particularly from those within the Service, who will be working with the Bureau to implement the Biological Opinion.

I just want to encourage you both to keep this on your watch list to see that this issue stays on the right track, and I appreciate your efforts to see this matter fairly resolved.

The perception in my District is that this process got out of hand because there was once again a disconnect between those in Washington who make policy and those in California who implement policy.

Mr. Fazio. Is this perception of a disconnect between policy and implementation merely a perception?

Mr. Babbitt. In general, there is good communication between the Interior offices in Washington that establish policy and the offices at regional and field levels that implement those policies. There are, however, instances where the people in the field who are in charge of implementing individual laws and programs do so in isolation and lose sight of broader objectives.

Mr. Fazio. What has Interior done to make sure that the policy decisions made here in Washington are carried out as they are envisioned?

Mr. Babbitt. In the case of Bay-Delta water issues, a key move on my part was to ask Betsy Rieke, the Assistant Secretary for Water and Science, to be my personal representative and to bring the various parts of Interior and other Federal agencies together to work with State, local and private interests towards a common objective- protecting the aquatic ecosystem of the Bay-Delta while providing greater reliability for urban & agricultural water supplies.

Mr. Fazio. While I know you and I both disagree with micro-management from Washington, are there safeguards we can put in place to curb this perception and restore the people's faith in the process?

Mr. Babbitt. I intend to appoint a replacement for Ms. Rieke as my personal representative in the Central Valley as soon as possible. One of the areas this new person would focus on is implementation of the Endangered Species Act to see if we can't work out reasonable solutions before they become crises.

POSSIBLE SALE OF THE CENTRAL VALLEY PROJECT

Mr. Fazio. As I stated, I believe that it is up to the proponents who might purchase the CVP to prove that they can finance the deal. Nevertheless, in these times of downsizing and selling off Federal assets, we need to give this proposal very serious consideration.

Will you designate a point of contact within the Department for those who are interested in the purchase of the CVP?

Mr. Babbitt. Yes, we will make certain there is a single point of contact for possible transfer of the Central Valley Project.

THE HONORABLE VIC FAZIO
QUESTIONS FOR COMMISSIONER BEARD

SHASTA TEMPERATURE CONTROL DEVICE

Mr. Fazio. I am pleased that we have made progress on the Shasta Temperature Control Device (TCD). The Temperature Control Device is one of the most important fixes we can make to help migrating salmon and to provide some measure of certainty to all project beneficiaries.

I see that in your budget you have assumed a substantial contribution from the State of California. I understand your motivations; the State of California has to come to the table with the money they are required to provide under the CVPIA.

First, what form does this commitment need to take to satisfy the Bureau?

Mr. Beard. The commitment from the State can be in any form that provides funding, even a simple letter.

Mr. Fazio. Are you looking for a statutory commitment or a commitment of intent from the Governor or some other form of commitment?

Mr. Beard. The only commitment necessary is written confirmation by March 31, 1995, in any form, that the State of California will meet its commitment to provide funding no later than October 1, 1995.

Mr. Fazio. If the State fails to provide its assumed share, how will the Bureau's budget be "adjusted" to provide for this contingency?

Mr. Beard. The authorizing legislation states that this project is to be cost-shared, and we believe California will produce the necessary funds. However, if we get no indication from the State by the end of March, we would have to adjust our request within the overall total.

Mr. Fazio. Would you provide the Committee with that list of offsets, this morning?

Mr. Beard. Because of the impacts of a funding reduction of this magnitude, we have not yet determined how the offsets would be spread. We need to wait until we are closer to the end of March to see which projects or programs may best be able to absorb the $20 million cut.

Mr. Fazio. For the record, would you also identify the criteria and the process the Bureau would use to find those offsets, if they become necessary?

Mr. Beard. The process is not dissimilar from the budget formulation process, which involves the consideration of a broad range of factors. One part of the process will be to evaluate new information available since transmittal of the Budget on February 6th.

PROGRAMMATIC ENVIRONMENTAL IMPACT STATEMENT: DELIVERY ON TIME

Mr. Fazio. I am extremely concerned about the Bureau being able to deliver, on time, the Programmatic EIS called for by the Central Valley Project Improvement Act. As you know, no new long-term contracts will be let until the completion of the PEIS. The PEIS must be completed on time.

First, is the Bureau still confident that it will be able to deliver the PEIS on time?

Mr. Beard. The Programmatic Environmental Impact Statement, the PEIS, will not be complete on October 30, 1995. The new schedule is May 30, 1996.

Mr. Fazio. What potential impediments are there to the delivery of the PEIS on time?

Mr. Beard. The need for rescheduling was due to adjustments resulting from the recent and historic Bay-Delta Standards Agreement and to wait for data being prepared by the Anadromous Fish Restoration group. These two pieces of information were critical to the accuracy of the document and acceptance from the many interested parties. Both pieces of information are now available and are being incorporated into the analysis. Further impediments are not anticipated and we are proceeding with the preparation of the document as rapidly as possible.

Mr. Fazio. Does the Bureau need additional resources to deliver the PEIS on time?

Mr. Beard. It is Reclamation's view that even with additional resources it would not be feasible to move the PEIS back to its original schedule. The complexity of the technical issues involved and the regulatory processes imposed by National Environmental Policy Act procedures simply foreclose the option. However, we share your sensitivity to the need for timely completion of the document and plan to maintain our current schedule and finalize it without further delay.

PROGRAMMATIC ENVIRONMENTAL IMPACT STATEMENT: "NO-ACTION" ALTERNATIVE

Mr. Fazio. In addition to being delivered on time, the final PEIS must be delivered in a legally adequate form. As you know, the No-Action Alternative is the baseline for measuring the impacts of the CVP on the environment and the impact of the CVPIA on the project's beneficiaries.

My constituents have repeated expressed concern about the legal defensibility of the PEIS "No-Action Alternative." Section 3409 of the CVPIA requires the PEIS for the purpose of "analyzing the direct and indirect impacts and benefits of implementing this title, including all fish, wildlife, and habitat restoration actions and the potential renewal of all existing Central Valley Project water contracts."

The statutory language directs the Bureau to look at the direct impacts and benefits of implementing the CVPIA. "Implementation, of course, began on the date of enactment, October 30, 1992. Congress intended the No-Action alternative to provide a snapshot in time of the CVP system's impacts and benefits at the time of enactment, October 30, 1992.

Does the PEIS No-Action Alternative use a baseline date of October 30, 1992?

Mr. Beard. Yes, the baseline date for the No-Action Alternative begins with October 30, 1992. Using the procedures described in the National Environmental Policy Act, we developed screening criteria to identify actions and projects that would have occurred during the period of analysis absent the enactment of Public Law 102-575, Title XXXIV, Central Valley Improvement Act. The screening criteria were designed to minimize speculation and characterize a continued level of management direction and intensity for project operations absent Title XXXIV. The No Action alternative is projected forward to October 30, 2022, which is the period of analysis, using this methodology. The No- Action Alternative, as just described, will be used to measure the impact of the alternatives developed for implementation of the Act.

Mr. Fazio. If not, what date has the Bureau used?

Mr. Beard. Using the process just described, Reclamation used a baseline date of October 30, 1992, for projecting actions forward to October 30, 2022, developing the No-Action Alternative. We believe this process is in harmony with National Environmental Policy Act guidance and consistent with the instruction in public law 102-575, Title XXXIV, Section 3409, Central Valley Project Improvement Act.

Mr. Fazio. Does the PEIS recognize the preeminence of California State water law, and specifically, the concept of "priority of right," as determined by the State Water Resources Control Board?

Mr. Beard. Yes, and as an example, assumptions for the Bay-Delta operations for water quality standards in the PEIS No-Action Alternative fully recognize the "priority of right" and do not assume those water quality standards be met by parties beyond that imposed by the State Water Resources Control Board.

Mr. Fazio. Please provide for the record in detail the major assumptions used in developing the No-Action Alternative and the authority for those assumptions.

Mr. Beard. The major assumptions are provided for the record.

[Information for the Record:]

Trinity River Minimum Fish Flows - 340,000 acre-feet/year in all years.

Central Valley Project Operating Criteria Procedures - Continued operations as presented in the October 1992 CVP-OCAP and other operational procedures and as impacted by biological opinions and water quality standards.

Reclamation Reform Act - Use existing acreage limitation regulations adopted to implement Reclamation Reform Act of 1982.

Contract Renewals - Renewable contracts will be renewed per Act of 1956, Administration of Contract Under Section 9, Reclamation Project Act of 1939; and June 21, 1963, Renewal of Water Supply Contract Act, by the year 2022. Assume existing rate-setting and cost-allocation policies.

Contract Amounts - Agriculture: Not to exceed maximum contract amounts historically delivered during period of 1980-1992. Municipal and Industrial: Up to maximum contract amounts if historically delivered or if environmental documentation and permits are completed and approved. Refuges: Continued delivery of CVP water up to Level 2 amounts.

Ability to Pay - Included in the No-Action Alternative.

Bay Delta Operations - Operated in accordance with the December 1994 approved Water Quality Control Plan and new Delta Smelt and Winter Run Chinook Salmon biological opinions.

Power Production - Will not optimize water releases to improve power production.

Water Rights - Assume total water rights can be diverted unless restricted by water quality standards or minimum fish flows.

Water Quality Requirements - Assume long-term biological opinion for winter-run chinook salmon to be met by Central Valley Project and State Water project in the Sacramento River.

Water Conservation - Assume water conservation levels in Department of Water Resources Bulletin 160-93 California Water Plan Update, and developed economic models to maintain profitable agricultural production.

The authority for these assumptions is public law 102-575, Title XXXIV, Section 3409, Central Valley Improvement Act that requires a programmatic environmental impact statement be prepared pursuant to the National Environmental Policy Act. In accordance with this act, screening criteria were developed and applied to determine the facilities and policies to be included in the No-Action Alternative.

SACRAMENTO RIVER DIVISION

Mr. Fazio. As concerned as I am about the Shasta Temperature Control Device, I am equally concerned about the deficiencies in other parts of the CVP budget submission. In these other divisions of the CVP, however, there is no indication that the Bureau will find offsets to keep these projects on schedule, in the event that the State of California does not come through with some cost-sharing in Fiscal Year 1996.

Specifically, I am very concerned about the proposed budget for the Sacramento River Division. For example, addressing the fish passage problem at the Red Bluff Diversion Dam, as you very well know, is viewed by most of the fishery resource agencies as the second highest priority among all of the structural fixes authorized in the Central Valley Project Improvement Act.

Yet, the Bureau's budget underfunds further modifications to the Red Bluff Pilot Pumping Plant as well as the Pilot Plant evaluation by what appears to be $2.2 million, which your budget cites as a non-Federal contribution to work in the Division.

If the State money does not materialize, is it the Bureau's intention to simply let the schedule for this project slip?

Mr. Beard. It is not our intention to let the schedule slip. It could become necessary to reprogram funds to this project if the State funds are not made available; however, we are currently working on an individual Task Order with the State of California in anticipation of the receipt of funding. Also, cost-sharing by local entities will be pursued.

Mr. Fazio. What funding level would be needed to provide the optimum amount of funds for this project in Fiscal Year 1996?

Mr. Beard. The optimum funding required for the Fish Passage Program is $600,000 and the evaluation of the Demonstration Research Facility is $1,600,000.

GLENN-COLUSA IRRIGATION DISTRICT (GCID)

Mr. Fazio. Similarly, the Bureau's budget contains no funds for addressing the fish passage issues at Glenn-Colusa Irrigation District's Hamilton City Pumping Plant. The U.S. Fish and Wildlife Service has consistently cited building a new fish screen at this pumping plant as its third highest priority, behind the TCD and the Red Bluff Diversion Dam fix.

It is certainly a high priority for the GCID water users. They have set aside $3.5 million for their share of this project and by the end of this calendar year will have $5.5 million in a trust account specifically for construction of a permanent, new fish screen. Moreover, the District and the State have assumed a full 30 percent of all costs associated with the project thus far. This is in excess of the entire non-Federal cost-share required in the authorization bill. It is my understanding that the GCID project needs $3 million from the Bureau to stay on track. This will enable construction to get underway in Fiscal Year 1996.

Mr. Fazio. What is your understanding of the level of funding that is required to keep this project on an optimum schedule in Fiscal Year 1996?

Mr. Beard. The $3 million you cited would be sufficient to keep this project on an optimum schedule. However, construction will not be initiated until fiscal year 1997 due to a 5 month delay experienced by the participating agencies in selecting a preferred alternative. This should not significantly impact completion of construction because the original contract award date in November 1996 would not have allowed much construction progress during the winter months due to presence of the endangered winter run chinook salmon and high river water at the construction site. The current contract award date is in May 1997. We have minimized the amount of delay in selecting a preferred alternative by initiating the design phase. The designers are developing and analyzing the top five alternatives in more detail so that the resulting additional data can be used for selecting a recommended plan. We are using a combination of computer and physical models to better analyze the top alternatives.

Mr. Fazio. It is my understanding that the Bureau has moved $75,000 from the GCID fish screen account to pay for work elsewhere in the Sacramento River Division. Will you please take whatever steps are necessary to restore these funds to the GCID project and report back to the Committee on how you will accomplish this goal?

Mr. Beard. When the construction funds are needed, they will be replaced. This would probably be done through a standard reprogramming letter, which would be sent to the Committee.

Mr. Fazio. Is this project a high priority for the Bureau?

Mr. Beard. Yes it is. We have our best screen designers working on this project to produce a screen that will retain its effectiveness for the long haul. We fully recognize that in order to solve the overall fishery problems in the Sacramento River, we have to solve the fish screening issues.

Mr. Fazio. What can the Bureau do to ensure that whatever fish screen is ultimately constructed will have some shelf life, will give the GCID water users some certainty about their ability to divert their full entitlement of water?

Mr. Beard. A principal criteria for designing the facility is to make it as flexible as possible. This means that it is being designed to operate under a wide range of conditions and is being designed to accommodate future needs without tearing it down and rebuilding it.

Mr. Fazio. Could you, for example, convene a high level group of representatives from the U.S. Fish and Wildlife Service and the National Marine Fisheries Service to come together to work with the Bureau, GCID and the State of California to come up with a fish screen alternative that everyone can agree to?

Mr. Beard. Yes, we've done this. We have set up a project management structure that consists of a high level Agency Management Group and under it, a project managers' working group, as well as a technical advisory group to work integrally with the design team. The Agency Management Group consists of representatives from the participating agencies that have any combination of cost sharing, environmental, design, construction, or oversight responsibility. The subordinate groups advise the Agency Management Group on the criteria and associated data to use in selecting a preferred alternative.

Mr. Fazio. You indicated in your earlier remarks before the Committee that the Bureau will reimburse the District for the $75,000 that was moved from the GCID project to the Colusa Basin Drainage District watershed project. When will that be accomplished?

Mr. Beard. When the funds are needed they will be replaced.

Mr. Fazio. With respect to the work to address the GCID fish passage problem, it has always been my position that the GCID authorization in the Central Valley Project Improvement Act is broad enough to permit Federal reimbursement of up to 75 percent of the costs of all efforts associated with reducing the fish mortality at the Hamilton City Pumping Plant. Do you agree with this interpretation?

Mr. Beard. Reclamation expects to pay up to 75 percent of the total project costs incurred after October 30, 1992. Whether there will be reimbursements to other participating agencies will be determined during the final accounting of the project.

Mr. Fazio. The costs associated with biological monitoring and hydraulic monitoring, for example, are all eligible for Federal reimbursement pursuant to the CVPIA authorization because they are instrumental to the work that needs to be done to select a final, permanent solution to the fish passage problem at the GCID pumps. Do you agree?

Mr. Beard. We are considering these costs in negotiating the task order. To the degree that data from these studies is used in the design of the permanent structure, it may be appropriate to provide Federal reimbursement under the terms of the task order.

ASSET TRANSFERS

Mr. Fazio. What is your general view of efforts to transfer or sell existing Bureau of Reclamation projects to the non-Federal beneficiaries of such projects?

Mr. Beard. Where congressionally authorized, we have always pursued transfer of title of facilities that have been paid out by the beneficiaries. Reclamation is aggressively pursuing a program to transfer title and/or operation and maintenance responsibilities to local interests. A process is under development to identify the projects eligible for transfer and to determine issues involved.

We believe that to transfer title requires an Act of Congress. We plan to pursue congressional authority to transfer title of these projects. In the past, Reclamation's approach has been to turn over operation and maintenance of single purpose, intrastate projects to local users. We have already transferred a large number of these projects to local entities.

Mr. Fazio. How many single purpose projects are there that the Bureau operates, and please provide their names and locations for the record?

Mr. Beard. There is one single purpose project operated by Reclamation. It is the Paradox Valley Unit, Colorado River Salinity Control Program, in the State of Colorado.

Mr. Fazio. How many projects have been paid off (all outstanding capital debt has been satisfied) by the non-Federal sponsors? Please provide their names and locations for the record?

Mr. Beard. There are 19 projects that have been paid off. Their names and locations are provided for the record.

[Information for the Record:]

PROJECTS PAID OFF

PROJECT	STATE
Armel Unit - P-SMBP	CO
Arnold	OR
Balmorhea	TX
Buford-Trenton	ND
Burnt River	OR
Boulder Canyon Project - All-American Canal System	CA
Frenchtown	MT
Gila Project	AZ
Grand Valley Project	CC
Humboldt Project	NV
Intake Project	MT
Milk River - Dodson Project	MT
Mirage Flats	NE
Missoula Valley	MT
Orland Project	CA
Salt River Project	AZ
San Diego Project	CA
Sun River	MT
Yuma Auxiliary Project	AZ

Mr. Fazio. How many projects are located within one State that meet one or both the above criteria -- single purpose and/or satisfied capital debt? Please provide their names and locations for the record?

Mr. Beard. There are 36 projects that meet the above criteria. These projects are either single purpose and paid off or not paid off or they are multi-purpose and paid off. Their names and locations are provided for the record.

[Information for the Record:]

PROJECT	STATE
Armel Unit - P-SMBP	CO
Arnold	OR
Balmorhea	TX
Buford-Trenton	ND
Boulder Canyon Project - All-American Canal System	CA
Burnt River	OR
Eden	WY
Fort Sumner	NM
Frenchtown	MT
Fruitgrowers	CO
Gila Project	AZ
Grand Valley Project	CO
Grand Valley Unit, CRBSCP	CO
Humboldt	NV
Hyrum	CO
Intake Project	MT
Lower Gunnison Basin, CRBSCP	CO
Mancos	CO
Milk River - Dodson Project	MT
Mirage Flats	NE
Missoula Valley	MT
Moon Lake	UT
Newton	UT
Orland	CA
Palo Verde Diversion Project	CA
Paradox Valley Unit, CRBSCP	CO
Preston Bench	ID
Robert B. Griffith Water Project	NV
Salt River Project	AZ
San Diego Project	CA
Sanpete	UT
Sun River	MT
Strawberry Valley	UT
Tucumcari	NM
Uncompahgre	CO
Yuma Auxiliary Project	AZ

Mr. Fazio. For those projects which meet all of the above criteria -- single purpose, satisfied capital debt, located within one State and currently operated in whole or large measure by the non-Federal sponsors -- please provide an estimate on a project-by-project basis of the number of Bureau employees associated with the operation, maintenance and administration of such facilities as well as the cost of such payroll?

Mr. Beard. I would be happy to provide that information for the record.

[Information for the Record:]

NUMBER OF RECLAMATION EMPLOYEES AND COST ON SELECTED PROJECTS

Boulder Canyon Project, All American Canal System	.02 FTE	$2,000
Gila Project	.01 FTE	7,200
Intake Project	.05 FTE	5,000
Milk River - Dodson	.05 FTE	5,000
Mirage Flats	.10 FTE	10,000
Salt River	2.50 FTE	*
San Diego Project	.01 FTE	1,200

There is a possibility of some other minimal costs for these and the few other projects but the amounts are very small and we are unable to identify the amount.

OVERHEAD COSTS

Mr. Fazio. What is the total overhead cost to the Bureau of Reclamation for the operation, maintenance and oversight of the Central Valley Project?

Mr. Beard. The total overhead cost to the Bureau of Reclamation for the operation, maintenance and oversight of the Central Valley Project in fiscal year 1994 was $6.5 Million, which was 8.5 percent of total obligations.

Mr. Fazio. How many Bureau positions (FTEs) are associated with these functions and would be eliminated if the Central Valley Project were sold or transferred to the non-Federal project sponsors?

Mr. Beard. There were 125 overhead positions associated with the operation, maintenance and oversight of the Central Valley Project that would be eliminated if the Central Valley Project were sold or transferred to the non-Federal project sponsors.

NON-FEDERAL COST SHARING

Mr. Fazio. Commissioner Beard, I am very troubled by what I see as some very significant deficiencies in the Bureau of Reclamation's fiscal year 1996 budget request. Your budget overview indicates that "scarce Federal funds are leveraged by seeking non-Federal cost-sharing and making agreements with other Federal agencies." Comparing the fiscal year 1995 request with the fiscal year 1996 request seems to suggest, however, that the new burden of non-Federal cost-sharing is being imposed mainly on the Central Valley Project and the State of California.

In fiscal year 1995, total non-Federal participation in all Bureau of Reclamation projects throughout the 17 western states amounted to $39,546,000. In fiscal year 1996, the budget submission reflects an increase of $24,282,500 in non-Federal contributions for a total of $63,828,000. All of that increase in non-Federal contributions can be traced to new requirements for non-Federal cost-sharing from the State of California. The total non-Federal cost-sharing for the CVP reflected in the fiscal year 1996 budget request is $25,512,000 compared with just $632,000 for the CVP in fiscal year 1995.

Is this an accurate portrayal of the increase in non-Federal cost-sharing reflected in your budget submission?

Mr. Beard. No, there is a much more significant amount of cost sharing in Reclamation's program. Reclamation is committed to partnerships with State and local entities to conserve scarce natural and fiscal resources. Some examples of these partnerships and the financial contributions are:

State of California, Shasta Temperature Control Device $20 million.
Bonneville Power Administration, rebuilding power plants in the Pacific Northwest $19 Million.
Payments from project beneficiaries in Central Valley - $44 million.
Non-Federal Participation Services for planning activities $6 million.
Contributions by water users towards the cost of Operation and Maintenance activities $13 million.
Local entities contributions of 75 percent of total cost towards the four wastewater reclamation and reuse projects $169 million.

Reclamation is seeking partnership agreements with States, districts, or groups of districts serving agricultural or municipal and industrial customers or both. These agreements will define how Reclamation and others could work together to solve shared problems and improve water resource management. Reclamation is leveraging Federal dollars by joining with the National Fish and Wildlife Foundation, Trout Unlimited, and other private and public organizations to conserve scarce natural resources.

Mr. Fazio. Do you share these concerns?

Mr. Beard. The large increase, approximately $20 million, in CVP cost sharing is a direct result of the requirements of the CVP Improvement Act. The total cost of the device is approximately $80 million. If the State does not provide its share of the cost this year, it would result in the Federal government funding the entire device, which would be inconsistent with the requirements of the Act. In general, these days of Government budget reductions at all levels have meant fewer dollars for undertaking large Federal programs. In these challenging fiscal times, the Federal government can no longer undertake the sole burden of funding water supply programs. The Federal, State, and local districts must work together to provide the resources needed for the ever increasing demands for water resource systems.

Mr. Fazio. What Bureau policies, existing or proposed, might lessen this threat?

Mr. Beard. Our planned increased emphasis on water resources management, conservation, and protection which focuses on improving operations to provide added value and greater benefits from existing projects to help meet increasing multiple water use demands and environmental needs will help lessen this threat. Once these improvements and Reclamation's streamlining initiatives begin to take hold, we expect that there will be more resources available to jointly solve even more difficult, costly problems. By promoting a cooperative, more effective stewardship of the West's water and related natural resources with other Federal and non-Federal partners, Reclamation is seeking to provide the best solutions at the least cost to all affected parties.

ADMINISTRATIVE OVERHEAD

Mr. Fazio. How many FTE's for the Bureau of Reclamation are funded out of the CVP Restoration Fund in fiscal year 1995 and in fiscal year 1996?

Mr. Beard. The Bureau of Reclamation will fund approximately 16 FTE from the CVP Restoration Fund in fiscal year 1995. Funding from the CVP Restoration Fund will be used to support the same level in fiscal year 1996.

Mr. Fazio. How many FTE's for the US Fish and Wildlife Service are funded out of the CVP Restoration Fund in fiscal year 1995 and fiscal year 1996?

Mr. Beard. The US Fish and Wildlife Service will fund approximately 30 FTE from the CVP Restoration Fund in fiscal year 1995. Funding from the CVP Restoration Fund will be used to support 25 to 27 FTE in fiscal year 1996.

CVP/GENERAL INVESTIGATION ADMINISTRATIVE OVERHEAD

Mr. Fazio. In general, what percentage of the General Investigation activities funded by the CVP Restoration Fund is for personnel and other administrative overhead costs?

Mr. Beard. Based on actual obligations of $640,000 for fiscal year 1994, technical Reclamation personnel including Civil, Environmental and Hydraulic Engineers totalled 41 percent, and the other administrative overhead costs totalled 15 percent of the General Investigation activities funded by the CVP Restoration Fund. While this level of personnel and administrative obligations will remain fairly constant in fiscal years 1995 and 1996, the percentages will substantially decrease as total obligations increase.

Mr. Fazio. What percentage of the Construction activities funded by the CVP Restoration Fund is for personnel and other administrative overhead costs?

Mr. Beard. Based on actual costs for Fiscal Year 1994, technical personnel including Fishery Biologists, Outdoor Recreation Planners, Environmental Specialists, Hydrologists, and Environmental Engineers totalled 15 percent, and the other administrative overhead costs totalled 9 percent of the Construction activities funded by the CVP Restoration Fund.

MISCELLANEOUS PROJECT PROGRAMS

Mr. Fazio. There is a similar general reduction from the budget (in the form of a non-Federal participation) for Miscellaneous Project Programs. The assumed non-Federal contribution is $2.25 million under Miscellaneous Project Programs. If the State fails to make a cash contribution in the amount of $2.25 million, which programs under this budget category will come up short?

Mr. Beard. If the State fails to provide its share, the schedules for work on the various refuges may need to be adjusted. The $2.25 million would provide an optimum schedule to implement the Refuge Water Supply Program. The work includes environmental compliance and implementation of the Preferred Alternative which includes the high priority Sacramento National Wildlife Refuge.

UNSCREENED DIVERSIONS

Mr. Fazio. The budget assumes $6 million being available for unscreened diversions throughout the Sacramento Valley under the unscreened diversion program authorized under CVPIA.

For the current fiscal year, Congress appropriated $2 million for the Bureau to look into alternatives to the traditional fixed fish screens. Does the Bureau support further research in this area?

Mr. Beard. Further research would be desirable especially for those locations for which barriers are needed to encourage fish to use preferred routes and migratory pathways. Such work is ongoing at the Georgiana Slough for which results have demonstrated that a sound barrier may be having desirable impacts on fish.

Mr. Fazio. Do you believe this is an area that warrants further testing, given the potential cost savings associated with some of these advanced technologies?

Mr. Beard. Central Valley Project water users are currently conducting field experiments to determine the efficacy of using sound to deter fish. However, additional work using sound would be warranted in controlled laboratory experiments to improve the evaluation of this technology prior to expanding it to further field locations. Although additional funding is required, Reclamation has a patent pending on an experimental positive fish screen prototype structure. This new application of the traditional positive barrier fish screen shows good promise and should be evaluated.

Mr. Fazio. What portion of the funds already appropriated for unscreened diversions, both for the program authorized under the CVPIA and the alternative screening program, have been obligated?

Mr. Beard. In FY 1994, almost $650,000 was obligated under the CVPIA program and $595,000 under the alternative screening program. In FY 1995, $80,000 has been committed to M and T Ranch and Reclamation District 1004 for fish screening activities. Actions have been initiated to provide funding in the amount of $899,000 to various screening participants during FY 1995. Reclamation District 108 is considering limiting their experiment to an electrical barrier project combined with a louvered flow facility to optimize performance of the barrier. Approximately $450,000 has been committed to the District 108 which will cover approximately 50 percent of the anticipated costs. In addition, District 108 has requested $214,000 from this year's program to further assist them with the acoustical experiments conducted last year. Total funding committed to Reclamation District 108 is approximately $664,000. Approximately $505,000 has been committed to Reclamation District 1004 for an acoustical barrier research project. The State of California Department of Water Resources has committed $350,000 this year for further evaluation of the Georgiana Slough acoustical barrier project.

Mr. Fazio. How many screening projects have been approved thus far this Fiscal Year under both programs and what is the dollar value of those requests?

Mr. Beard. Currently, 12 screening projects have been approved. A breakdown of these is provided for the record.

[Information for the Record:]

Princeton-Cordura-Glenn Irrigation District	$ 45,000
Provident Irrigation District	45,000
Phelan-Parrott Irrigation Systems (M & T Ranch)	30,000
Patterson Water District	45,000
Banta Carbona Irrigation District	45,000
Sutter Mutual Water District	100,000
Maxwell Irrigation District	310,000
Pelger Mutual Water Company	60,000
Suisun Resource Conservation District	30,000
Reclamation District 108	664,000
Reclamation District 1004	505,000
Georgiana Slough (State of California)	350,000

In addition, discussions are being held with the Western Canal Water District to discuss their involvement in the program for a proposed siphon project.

Mr. Fazio. How many screening projects are awaiting funding in both programs, and what is the dollar value of all outstanding requests in both programs?

Mr. Beard. If the above projects for which initial feasibility and engineering studies are acceptable screening projects, funding needs are estimated to be about $9 million federal share, contingent upon 50/50 cost share from a state agency or any other non-federal entity. In addition, the proposed siphon project with Western Canal Water District, if accepted, is estimated to cost $5 million.

Mr. Fazio. What is the maximum federal cost-share that the Bureau offers to those participating in the alternative screening technology program?

Mr. Beard. Currently, funding to the existing cooperators is in accordance with those amounts as specified in the report accompanying the fiscal year 1995 appropriations bill.

Mr. Fazio. Is that program cost-shared on a 50-50 percent cost-shared basis, 75-25 percent or some other basis?

Mr. Beard. Additional funding for Reclamation Districts 108 and 1004 is intended to provide approximately 50 percent of the required funding for their experimental programs.

Mr. Fazio. What is the basis for this cost-share requirement?

Mr. Beard. No specific cost-sharing formula or criteria have been established. Any new projects under consideration will be evaluated on a case-by-case basis before determining appropriate cost-sharing opportunities.

REFUGE WATER SUPPLY

Mr. Fazio. The Bureau of Reclamation has requested a total of $5.25 million for the environmental compliance work and the design and construction of conveyance facilities to provide water to wildlife refuges throughout the Central Valley. What portion of the budget request is expected to be devoted toward meeting the water needs of the Sacramento, Colusa and Delevan National Wildlife Refuges?

Mr. Beard. $3 million has been programmed for environmental compliance, and implementation of preferred alternatives for refuges under the Refuge Water Supply effort. Environmental compliance was initiated in fiscal year 1995. In fiscal year 1996, we intend to initiate implementation of the preferred alternative. An expected recommendation is to begin with Sacramento National Wildlife Refuge.

Mr. Fazio. What is the status of the Bureau's review of the alternatives available for providing the Sacramento complex of wildlife refuges with a stable, year-round supply of water?

Mr. Beard. A Decision Document, including recommended alternatives, will be completed and issued in April 1995. Refinement of the alternatives will be completed and environmental compliance activities will be initiated in fiscal year 1995 with completion expected in fiscal year 1996. Development of an implementation plan, contract negotiations as necessary, and construction will be initiated as required. The Sacramento Complex of refuges are among those being considered for priority funding.

Mr. Fazio. What steps is the Bureau taking to ensure that the selected projects are the most environmentally sound, cost-effective solutions for a stable water supply to the refuges?

Mr. Beard. Interior implemented a process ensuring alternatives selected for implementation are environmentally sound. This process includes development and issuance of the Decision Document, which identifies potential alternatives for screening during the environmental process. Public involvement efforts will continue throughout the environmental process. Detailed discussions with stakeholders including water districts and potential partners in providing conveyance will continue. Additional discussions with refuge managers to identify requirements and to discuss implementation issues for various alternatives will continue. The environmental process will provide continued opportunity for steering environmental efforts and receiving public involvement comments. The end result of the process will result in selection of the most environmentally sound and cost effective means for delivery of water to meet the refuges annual needs in a reliable, timely manner.

Mr. Fazio. What is the Bureau's current assessment of the so-called Stony Creek Siphon option for meeting the water supply needs for the Sacramento wildlife refuge complex? The project would seem to meet the needs of all three refuges for less than half the costs of the other leading alternative, which involves constructing a pipeline from the Tehama-Colusa Canal over to the Sacramento National Wildlife Refuge.

Mr. Beard. Interior staff has had extensive discussions with the Glenn-Colusa Irrigation District and the Sacramento Complex Refuge management to review various alternatives for delivery of water. In addition, revised cost estimates have been received from the Glenn Colusa Irrigation District for the Stony Creek option. The cost of this option has increased from earlier estimates. However, this option is still being considered as a cost-effective means of delivering water. Interior's current assessment of the Glenn-Colusa Irrigation District alternative, which includes the Stony Creek Siphon, for the Sacramento Complex remains a viable alternative and will be considered in detail for environmental compliance and the alternatives selection process.

Mr. Fazio. How are the balance of funds -- other than those earmarked for the Sacramento complex -- expected to be allocated?

Mr. Beard. Final funding priorities have not been selected. All funds for fiscal year 1996 will be used in delivering water to refuges. Prioritization of the distribution of funds will be determined upon the identification of the final alternatives and final costs by the end of fiscal year 1995. At this time the Fish and Wildlife Service and the Bureau have tentatively identified the delivery of water to the Sacramento Complex as having high priority.

REPLACEMENTS, ADDITIONS, AND EXTRAORDINARY MAINTENANCE ITEMS CENTRAL VALLEY PROJECT

Mr. Fazio. Last year you testified that the backlog in replacements, additions and extraordinary maintenance items had grown to $75 million. The Committee directed the Bureau in its fiscal year 1995 report to come up with a plan for reducing this backlog in a timely fashion. Please update the Committee on the status of your response to this Committee directive?

Mr. Beard. It has been difficult to reduce substantially the backlog of replacements, additions, and extraordinary maintenance items within the level of resources available. New items are added yearly.

In an effort to address the most pressing items, a priority system has been established. The priority system consists of four levels: addressing significant immediate hazards to the public and critical maintenance; prevention of significant hazards and preventive maintenance; moderate to minor hazard prevention; and activities that promote safety awareness.

Reclamation is seeking cost sharing partners in an effort to reduce this backlog as quickly as possible.

In addition, within the next 12 years, there are 15 power units in the Mid-Pacific Region whose windings will reach normal life expectancy. The total number nameplate capacity of the 15 units is 1,070,000 kW. The combined cost of rewinding these units is estimated at $56.7 million.

Mr. Fazio. Does the Operations and Maintenance budget request include any additional funds to continue to reduce the backlog?

Mr. Beard. The fiscal year 1996 budget request includes $4,625,000 for replacements, additions, and extraordinary maintenance items which include rehabilitation of the drum gates on Friant Dam, Phase 4 of the Nimbus Fish Hatchery modifications, and repair of the coaster gate/bypass pipe at Shasta Dam.

WESTERN WATER POLICY REVIEW COMMISSION

Mr. Fazio. Please update the Committee on the status of the Western Water Policy Review Commission and the schedule for completing this effort.

Mr. Beard. As the Administration took preliminary steps to establish the Commission, various questions arose in regard to Congressional intent and the Department began consultations with Senator Hatfield and other interested members of Congress. Currently, the Department is continuing its dialogue with Senator Hatfield and his staff regarding the establishment of the commission.

Mr. Fazio. Are funds requested for the Commission in fiscal year 1996?

Mr. Beard. While the budget does not include a separate line item for this activity, Reclamation will make certain to cover any necessary expenses within the current funding level.

CITY OF FOLSOM

Mr. Fazio. Please update the Committee on the status of the EIR/EIS on the new water service contract for Sacramento County and the City of Folsom.

Mr. Beard. The Sacramento County Water Agency is preparing the EIS/EIR and currently is developing alternatives and conducting preliminary impact analyses. The draft is scheduled to be issued in May 1996 and the final is scheduled for October 1996.

LAND ACQUISITIONS

Mr. Fazio. A Sacramento effort to convert the Valensin Ranch five miles south of Elk Grove into Sacramento County's newest nature preserve has hit a snag. The Valensin Ranch, which the Nature Conservancy calls one of the most important properties for conservation in the Sacramento Valley, needs a quick infusion of cash. Is the Bureau's land acquisition authority under CVPIA or other Acts sufficiently broad to enable the Bureau to participate in the purchase of a parcel such as the Valensin Ranch?

Mr. Beard. Based on preliminary review, we do not believe that the land acquisition authority under both the CVPIA and other Acts enables the Bureau to participate in the purchase of a parcel such as the Valensin Ranch.

Mr. Fazio. Does the Bureau have Fiscal Year 1995 funds available for land acquisitions such as this?

Mr. Beard. The Bureau does not have Fiscal Year 1995 funds available for land acquisitions such as the Valensin Ranch.

Mr. Fazio. For the record, please review the proposed acquisition of the Valensin Ranch for possible acquisition, and report back to the Committee on your findings?

Mr. Beard. This acquisition proposal is a joint venture between Sacramento County and The Nature Conservancy. There has not been any involvement by the Department of the Interior nor are we aware of any request to the Department to assist with the acquisition.

Mr. Fazio. What amount of funding does the Bureau of Reclamation expect to expend on land acquisitions in Fiscal Year 1995? In Fiscal Year 1996?

Mr. Beard. The Bureau expects to expend $1.6 million on CVP land acquisition in Fiscal Year 1995 from the CVP Restoration Fund, and $1.2 from the Regular Construction appropriation. The amount of funding expected to be expended by the Bureau on CVP land acquisition in Fiscal Year 1996 is $6.1 million, all from the Restoration Fund.

Mr. Fazio. Does the Bureau of Reclamation have the authority to purchase wildlife easements under the land acquisition authorities included in the CVPIA?

Mr. Beard. The authority contained in Section 3406(b)(3), 3408(h) of the CVPIA allows for the purchase of land, associated water rights and other property interests. It is the Bureau's position that the language of this section of the CVPIA could include wildlife easements.

Mr. Fazio. What is the status of the Bureau's efforts to facilitate the purchase of Prospect Island in the delta?

Mr. Beard. The Bureau, working closely with other Federal agencies, the State and private organizations, has purchased the island for $2.8 million. Under an innovative restoration plan, the island will soon be the habitat for waterfowl, shorebirds, mammals and fish that were once found throughout the

Delta. The Corps of Engineers is currently undertaking a reconnaissance study to evaluate the feasibility of restoring wetlands at Prospect Island and the extent of Corps participation possible water existing authority.

CENTRAL VALLEY PROJECT RESTORATION FUND

Mr. Fazio. For the record, please list all programs anticipated to be funded out of the CVP Restoration Fund in fiscal year 1996 from the one-third facility side of the budget and all items anticipated to be funded out of the two-thirds, non-facility side of the budget.

Mr. Beard. I will be glad to provide that information for the record.

[Information for the Record]

Central Valley Project Restoration Fund
FY 1996 Requested Funding
(in thousands of dollars)

Project or Study	FY 1996 Request
GENERAL INVESTIGATIONS	
San Joaquin River Basin Res Mgmt Initiative	1,000
Subtotal – Habitat Restoration	**1,000**
CONSTRUCTION	
Miscellaneous Project Programs	
Refuge Water Supply	3,000
Anadromous Fish Program	3,000
Private Wetlands/Joint Venture	500
Refuge Wheeling Costs	1,700
Dedicated Project Yield	375
Sacramento River Division	
CVPIA Supporting Investigations	1,500
San Joaquin Division	
San Joaquin Basin Action Plan	1,000
Water Acquisition	11,005
Land Retirement	6,118
Subtotal – Habitat Restoration (2/3)	**28,198**
CONSTRUCTION	
Shasta Division	
Shasta Temperature Control Device	11,281
Restore Spawning Gravel	600
Miscellaneous Project Programs	
Flood Agricultural Lands for Waterfowl/ Yield Enhancement	500
Central Valley Assessment/ Monitoring Program	2,000
Subtotal – Other F&W (1/3)	**14,381**
TOTAL – RESTORATION FUND	**43,579**

CENTRAL VALLEY PROJECT (CVP) RESTORATION FUND

Mr. Fazio. The Central Valley Assessment and Monitoring Program is funded out of the one-third facilities side of the Bureau's budget in Fiscal Year 1996. Please explain why. Would this not be more appropriately funded out of the two-thirds, study side of the budget?

Mr. Beard. Public Law 102-575, Title XXXIV, Section 3407(a), authorizes specific paragraphs in Section 3406 to be funded from the one-third side of the Restoration Fund. Section 3406(b)(16) which establishes the comprehensive assessment program to monitor fish and wildlife resources is included in the specifically mentioned paragraphs. If the assessment and monitoring program were funded from the two-thirds side, it would diminish our ability to implement habitat restoration measures.

CVP RESTORATION FUND APPROPRIATION LANGUAGE

Mr. Fazio. The Committee has expressed an interest in seeing the Restoration Fund appropriation language changed to allow the use of General Fund monies prior to the collection of actual receipts from the sale of water and power. It is my understanding that the Bureau has reviewed a number of options to accomplish this goal. What were the conclusions of the Bureau's review of this issue, and why did the Bureau not recommend any changes to the CVP Restoration Fund appropriations language in its fiscal year 1996 budget submission to accomplish this goal? Is such a change no longer necessary, in the Bureau's view? Have there been any difficulties in meeting the need for funds early in the fiscal year?

Mr. Beard. Language was drafted in May 1994 that would provide general fund monies in anticipation of revenues under the Central Valley Project Improvement Act. Such a change would dramatically facilitate management of Central Valley Project Improvement Act activities. We understand that the Appropriation Committee chose not to adopt such language, however, on the grounds that it would be authorizing legislation in an appropriation bill. In implementing the Central Valley Project Improvement Act, Reclamation has proposed, and is proposing in fiscal year 1996, that certain high priority activities be funded out of its other appropriations accounts. We believe that this is an acceptable method to ensure that key provisions of the Act are implemented on a timely basis.

SALTON SEA AUTHORITY

Mr. Fazio. Please provide the Committee with an update on the status of the Salton Sea Authority study.

Mr. Beard. Reclamation is participating with local entities in developing opportunities for maintaining existing values at the Salton Sea. Funding provided by the Congress in fiscal year 1994 and matched by the Salton Sea Authority and State was used to obtain Sea characteristic information that will be used for any salinity management option that may be pursued in the future. Bathymetry (bottom contours) was obtained, two weather data stations were installed, an evaluation was made of requirements for obtaining water current measurements in the Sea, and a value engineering effort on various diking options was completed. Major expenditure items for fiscal year 1995 include continued collection of physical and chemical characteristics of the Sea and preliminary designs and cost estimates for an evaporation pond demonstration project.

Mr. Fazio. What is the Bureau's capability for this study?

Mr. Beard. Reclamation can provide the program management services and much of the technical expertise to complete the planning and research activities authorized by Public Law 102-575, Title XI, Salton Sea Research Project, California. As specific research proposals are implemented, some activities may be contracted.

Mr. Fazio. What is the optimum level of funding for this study?

Mr. Beard. Annual Federal funding at the $100,000 level (with another $100,000 provided by local entities) has been adequate to perform preparatory characterization and formulation studies. However, in order to complete research of the most feasible salinity management options, annual Federal funding levels would need to increase in fiscal year 1997 to the $400,000 to $500,000 level (again with a match from local entities), most appropriately funded under the construction program appropriation.

Mr. BEARD. Well, all I can say is I remember a very bright, sunny day in Williams, California, with you.

Mr. FAZIO. You and I both had to put on some hats in order to keep from melting under that sun. Anyway, thank you for your time in the district and I hope you will be able to spend some more. Thank you.

REDUCTION IN BUDGET REQUEST

Mr. MYERS. Well, thank you, Vic.

I note that, as you suggested here, there is a significant reduction in your budget request, and you are to be complimented for the 1,500 FTEs reduction below two years ago. You are to be complimented for the job you are doing, doing what Congress has asked for, 252,000 people over the next four years, six years originally, two have already been whacked off. Of the $52 million plus reduction, I take it was not a voluntary contribution, the reduction is something worked out with OMB. This wasn't your first request, I am quite sure?

Secretary BABBITT. This reflects an approach that was worked out with OMB and which now continues to proceed.

Mr. BEARD. I would add, I happen to be one of the few Federal agency personnel who happens to think it is a good idea to have a smaller budget. I am very proud of the fact that we have a smaller budget than we had last year and the year before.

I think we can get the job done with fewer dollars, and I think that is our obligation. We are not only getting the job done in the traditional directions, but we are also getting new initiatives done. I am proud of the fact that our employees have worked very hard to try to do more with less. It is not easy, and it is not pleasant. It is not a lot of fun, but it is, I think, their obligation, and we are very proud of that.

Mr. MYERS. Well, certainly every member of the committee, I am sure, is proud of the job you are doing and compliment you for it. A lot of agencies are doing it, but not with the same spirit of enthusiasm that you are demonstrating here this morning.

I think all of us recognize we just simply have got to do something about it. It does hurt, sure, but those hard-working taxpayers out there who are trying to put shoes on their children and send them to school, they are having a tight pinch meeting their obligations right now to pay the taxes and do the things that they like to do.

FLOOD CONTROL CRITERIA

The President, or the Administration, has proposed a change, a new proposal for the criteria for flood control projects—the benefit cost ratio at least 2 to 1, a reversal of the 25–75 cost sharing, 75 percent now required of the local sponsor, and the third is the water must be 50 percent or more from a different State where the work is done. Has that had any impact upon the Bureau of Reclamation?

Mr. BEARD. None.

Mr. MYERS. It doesn't apply in any way?

Secretary BABBITT. I would say that the movement in this direction flows out of some of the experiences of this committee. You may remember that back in the 1980s we moved toward cost sharing as a criterion for Reclamation projects. Once we all got over our initial outrage—I am speaking now as a Governor—our initial outrage at being asked to——

Mr. MYERS. Do you ever forget what hat you are wearing when you come here?

Secretary BABBITT [continuing]. Show the color of our money, it turned out to work very well. What it did was it sort of automatically prioritized what the States were interested in. I would suggest that that same spirit underlies these proposals on the Corps side.

Mr. MYERS. In that criteria I think there are some serious problems. I am not at all sure Congress is going to go along with it, because in the middle of the game we are changing the rules for a lot of local communities. So I am not suggesting it should apply to you nor should it necessarily apply to a lot of other things that have been proposed today, but it is not the first time an administration has made proposals that Congress didn't go along with. I am not sure what Congress is going to do this year, but I think it would have some serious impact and we have examined that, and we will probably continue to examine it.

RESCISSION

This committee also, it is in the bill now, it may be up next week, proposed a rescission of $10 million for the Bureau Reclamation. What impact will that $10 million rescission have if Congress should go along with it?

Secretary BABBITT. We don't like it. Now, for the details, I call on Mr. Beard.

Mr. MYERS. I am sure no one likes it. We weren't pleased at having to do it, but we tried to apply it as fairly and equally as we possibly could, and, again, try not to inflict any more pain than necessary.

Mr. BEARD. The short answer is that we can live with it, and I think that it is not going to cripple our activities. It means that we will have to tighten our belt in a number of areas. The question is how do we allocate those funds around to the various activities that we have under way. The short answer is we can live with that, a reduction of that size.

The problem is it comes a little late in the year, and a number of commitments have been made, contracts have been let, and activities undertaken, but I think there is sufficient slippage in various activities that we will be able to live with a reduction of that size.

The difficulty I have is the longer this goes on—it would be great if it was over tomorrow, but the longer this goes on, if it is extended out for two or three months, the pain is increased substantially. That is the only comment I would have. Our assessment is that we can distribute it around and that we have the ability to live with it.

Mr. MYERS. Well, I think it will come before the House next week. It is scheduled for next week, and I assume it will be passed pretty much as we presented it, but we don't know what the other body over in the Senate is going to do with it, so that is the thing you are speaking about here. It is late in the year; that troubled us.

Mr. BEARD. Far be it for you to talk for the Senate, I am sure.

RECREATION AREAS

Mr. MYERS. I have noticed that throughout the years. We sometimes speak different languages. One last question, because my five minutes is almost up. You mentioned, Mr. Secretary, about the national parks in your presentation here which, of course, comes before another subcommittee. I should know this because of all the years we have been on the committee, but does the Bureau of Reclamation operate any recreation areas?

Secretary BABBITT. Yes.

Mr. MYERS. How many and what kind?

Mr. BEARD. I can get you a list, but we have about 80 million visitor days a year. We have a very large, in fact, I think the number of visitor days exceeds that of a lot of other agencies in the Department of Interior, primarily because lakes are a great attraction, flat water recreation is a great attraction, and we have a significant number of visitor days.

[The information follows:]

RECREATIONAL AREAS OPERATED BY THE BUREAU OF RECLAMATION

The Bureau of Reclamation operates the following Recreational Areas:

ARIZONA
Davis Dam
Hoover Dam Visitors Facility

CALIFORNIA
East Park Reservoir
Folsom-South Canal Recreation Trail
Lake Berryessa
New Melones Lake
Stony Gorge Reservoir

COLORADO
Fruitgrowers Reservoir

IDAHO

Black Canyon Reservoir
Cascade Reservoir
Lake Walcott
Little Wood River Reservoir
Mann Creek Reservoir
Ririe Lake

IDAHO/WYOMING
Palisades Reservoir

MONTANA
Canyon Ferry Reservoir
Clark Canyon Reservoir
Fresno Reservoir
Nelson Reservoir
Tiber Reservoir

NORTH DAKOTA
Lake Tschida

OREGON
Prineville Reservoir

WASHINGTON
Scooteney Reservoir

WYOMING
Kortes Miracle Mile Recreation Area

Mr. MYERS. I knew some of the lakes, the reservoirs that you do have, but do visitors pay?

Mr. BEARD. Some locations, but in most cases they do not. What we have done as a matter of policy is to turn our facilities over to local entities to operate and maintain. So for the most part they are operated by state parks, counties or other Federal agencies. The Park Service, Forest Service and BLM all operate recreation facilities at Reclamation reservoirs, primarily because they are better at the job than we are. They are in the recreation business. They know how to approach this problem, and it is much easier for us to turn those facilities over. We have had a problem recently of turnbacks, local entities who couldn't afford——

Mr. MYERS. They didn't want the ball?

Mr. BEARD. Here, you take it. And that has presented us with a little bit of a dilemma, but we have some additional funding in here for recreation, construction of some recreational facilities to meet health and safety standards. There is about a $3 million increase for that, and we think that that will enable us to meet health and safety standards at those facilities.

Mr. MYERS. In the $789 million you are requesting then, there is $3 million for construction. Is there any money for operation of these recreational facilities?

Mr. BEARD. Yes, of those we operate, yes, there are operational funds as well.

Mr. MYERS. Would you, for the record, show what that is?

Mr. BEARD. Yes.

[The information follows:]

FUNDING FOR OPERATION OF RECREATIONAL FACILITIES

The Bureau of Reclamation is requesting $6.5 million for the operation and maintenance of its recreational facilities.

Mr. MYERS. Do we know how much it costs per visitor?

Mr. BEARD. We can provide that.

Mr. MYERS. Would you provide that, what the cost would be?

Mr. BEARD. Sure.

[The information follows:]

COST PER VISITOR AT RECLAMATION OPERATED VISITOR FACILITIES

The cost per visitor, based on number of visitors published in the Water, Land, and Related Data 1991 Summary Statistics document and the current estimated cost of operating these visitor facilities, is $1.23 per visitor.

Secretary BABBITT. Mr. Chairman, if I may, I would like to expand this, having been given this opportunity. The second largest unit of the National Park System in terms of visitation is the Lake Mead National Recreation area, which is, obviously, a Reclamation facility. Sitting right above that is the Lake Powell National Recreation area up in northern Arizona.

Lake Mead is now up to nearly 10 million visitors a year, just below the traffic on the Blue Ridge Parkway as a unit of the National Park System. Now, the Administration and the Department have submitted a proposal to this Congress that we be given a little more leeway to charge admission fees at these areas, recognizing all the factors, but moving toward visitor fees as a way of financing more of the National Park System.

I would just say that I think this concept really bears exploration, whether it is in the Bureau of Reclamation in the facilities that it administers, or whether it is in the National Park System or wherever else.

Mr. MYERS. Well, I was familiar that at camp facilities they had to pay, and the national parks, of course, we know that there is a fee when you go in the gate. But the other recreation, how much they pay for boating and so forth, would you provide for the record, if you would, please.

Mr. BEARD. Yes.

[The information follows:]

RECREATION FEES

There are many different fees charged for different types of recreation areas and associated facilities. Examples of these include:

Camping facilities and visitor centers: May include all or some of the following; Designated tent and trailer spaces, drinking water, paved access roads, refuse containers, flush restrooms, personal fee collection, visitor protection, campfire rings, and hot showers, boat launch facilities, parking spaces for cars and trailers, boat dock, multiple launch lanes, picnic tables, hiking trails, full service marina, swimming beach, and fish-cleaning stations.

Fees generally range from $1.00 to $10.00 depending on recreation area and length of stay.

Mr. MYERS. Mr. Bevill.

MR. BEVILL'S OPENING REMARKS

Mr. BEVILL. Thank you, Mr. Chairman. Mr. Secretary, Mr. Beard, we are certainly pleased that you are with us here again, and appreciate the good work that you do.

GOAL FOR THE BUREAU OF RECLAMATION

Mr. Secretary, you indicated there that the Bureau is in the process of transforming itself from civil works agency to enhanced water resources management, and also your budget request is coming down and the efforts to streamline have yielded some reductions.

What do you envision as the eventual goal for the Bureau, and will their budget go down? Will they eventually only require operation and maintenance funds?

Secretary BABBITT. Mr. Chairman, it is obviously, I think, risky to look way out into the future, but I think this progression will continue. I think that with the ultimate disposition and completion of Animas-La Plata that the day of the large construction project is probably over. What I see happening as these facilities come up is that the level of complexity of river basin administration will require a continuing presence.

There are lots of indications of that, such as the salinity control issue on the Colorado River. Dan has moved this in a somewhat different direction that I think is really, really important. It is an issue that we have to deal with. We have treaty obligations to Mexico. It affects the quality of agriculture throughout the basin.

Colorado River endangered species—this is an interesting story, and I think kind of a straw in the wind. I think you can appreciate this, given our endangered species dialogue in your part of the country. We have successfully worked out the endangered fish issues in the upper Colorado River Basin. We have a comprehensive plan. There is a complete consensus about it, but it does cost some money. That is a bit of a surprise to some of the old-timers who say what is the Bureau of Reclamation doing in the endangered species business? Well, the answer is real simple. It is a water management issue, and to the extent that they can find consensus, we are way, way ahead.

We have talked about the California kinds of issues, such as water reclamation and conservation. I think that this trend will continue. It is not likely that my successors will be up here saying let's close the doors in the next half century. These water issues are becoming more complex. They are—they used to be sort of a western obsession, but we now see them coming up everywhere.

I was down in Georgia, close to you, this past week, and I find that there is a serious water resource issue on the coastal plain of Georgia because of the groundwater pumping, and saltwater intrusion. Now, the Geological Survey is doing an enormous amount of work modeling that, but when it comes to the techniques of managing aquifers to deal with saltwater intrusion, these are the guys that do it. Traditionally, they have only done it in California, but it is now a national problem. There are, I think, endless examples of water issues that are going to require a certain level of coordination at the regional and interstate level, and a certain level of technology, science, and water management expertise from this agency. It is an enormously valuable Federal asset.

They have got a century of technology and science and other expertise. We ought not to, you know, smash it all down and throw it aside in the rush to willy-nilly shut down the Federal Government. I don't see that as being in the national interest.

Mr. BEVILL. Yes, that problem actually hit. Mr. Chairman, you remember New Orleans and how it endangered their whole water supply. They had to build a small dam under the water.

Secretary BABBITT. Not to wax too endlessly about this, but Louisiana is an extraordinary example of the importance of science and water resource technology because the coastal wetlands in Mississippi are disappearing, 40 square miles a year. The sediment, because of the configuration of that waterway, is now being dumped out over the continental shelf as that channel carries it past New Orleans way out into the Gulf. That sediment is what creates the wetlands, and we have a long-range engineering, water quality, water chemistry, wetlands, biological issue there. I think the Federal agencies have an important role to play. There are many examples of that.

SHASTA TEMPERATURE CONTROL DEVICE

Mr. BEVILL. You indicated that the Bureau and the State of California have yet to agree on the cost-sharing arrangement for the current fiscal year for the Shasta Temperature Control Device.

It is my understanding that the State committed to meeting its share by signing an agreement in 1994. Now, what is the reason that the State has yet to commit the funds?

Secretary BABBITT. Well, the State of California had a significant set of budget and economic problems. I think they are now moving out of the bottom of that cycle. I have talked with Governor Wilson about this, and notwithstanding the fact that we haven't seen the color of their money, I believe that the State is committed to produce it. I would urge this committee to be firm but conciliatory. I don't think it is time to threaten the State. I believe they are going to deliver.

OPERATION AND MAINTENANCE BY NON-FEDERAL

Mr. BEVILL. All right. Thank you. Mr. Beard, can you give us any specifics on the facilities where non-Federal entities have actually been identified to take over operation and maintenance or even take title to projects?

Mr. BEARD. Well, we can, Mr. Bevill. I would be happy to provide you a list for the record. Let me just sort of amplify.

To transfer title requires an act of Congress. There is legislation on the books, legislation passed in 1906 saying that all facilities built by the Bureau of Reclamation, title vests with the United States and can only be transferred by an act of Congress.

There have been legislative transfers of title, the latest being in 1992. We also have transferred the responsibility for operation and maintenance for a large number of projects to local entities.

As you know, they reimburse us for all operation and maintenance costs, so in many cases it is much cheaper for the local governments, local water districts to operate those facilities. We have worked out procedures, almost a cookie-cutter approach to how we go about this process to protect the rights of the Federal employees involved that are in the operation and maintenance business, protect their pensions, and pay. We have, as a matter of routine, transferred quite a few facilities to local entities for operation by those local entities, the latest being the Delta-Mendota Canal in California where there is a rather significant facility that was transferred, about, two years ago. We can provide you with a list, but it is something that we have done on a regular basis. But, frankly, we ought to speed up the number of facilities that we transfer.

[The information follows:]

BUREAU OF RECLAMATION CONSTRUCTED FACILITIES OPERATED BY NON–FEDERAL ENTITIES

- Arbuckle, OR
- Arnold, OK
- Avondale, ID
- Baker, OR
- Balmorhea, TX
- Belle Fourche, SD
- Bitter Root, MT
- Boise – Distribution Facilities, ID/OR
- Bostwick Park, CRS Participating, CO
- Boulder Canyon:
  - All–American Canal, NV/CA
- Buffalo Rapids, MT
- Buford–Trenton, MT
- Burnt River, OR
- Cachuma, CA
- Canadian River, TX
- Carlsbad, NM
- Central Arizona, Colorado River Basin Project, AZ
- Central Arizona, All Non–Indian Dist. Systems, AZ
- Central Oregon Irrigation District, OR
- Central Utah, CRS Participating:
  - Initial Phase, Vernal Unit, UT
  - Jensen Unit, UT
- Central Valley:
  - American River Division, CA
    - Sly Park
  - Auburn–Folsom South Units, CA
  - Delta Division, CA
  - Folsom, CA
  - Friant Division, CA
  - Sacramento Canals Unit, CA
  - Sacramento River Division, CA
  - San Felipe Division, CA
- Chief Joseph Dam:
  - Foster Creek Division, WA
  - Greater Wenatchee Division, WA
  - Okanogan–Similkameen Division, WA
    - Oroville–Tonasket Unit
    - Whitestone Coulee Unit
- Crescent Lake Dam, OR
- Crooked River, OR
- Dalton Gardens, ID
- Deschutes, OR
- Pick–Sloan Missouri Basin Program:
  - (Missouri River Basin)
  - Belle Fourche Unit, SD
  - Bighorn Basin Division, WY
- Eden, WY
- Emery County, CRS Participating, UT
- Florida CRS Participating, CO
- Fort Sumner, NM
- Frenchtown, MT
- Fruitgrowers Dam, CO
- Fryingpan–Arkansas, CO
- Gila, AZ
- Grand Valley, CO
- Grants Pass, OR
- Hammond, CRS Participating, NM
- Humboldt, NV
- Huntley, MT
- Hyrum (Salt Lake Basin), UT
- Intake, MT
- Kendrick, WY
- Klamath, OR/CA
- Lewiston Orchards, ID
- Little Wood River, ID
- Lower Gunnison, CO
- Lower Rio Grande, TX
- Lower Yellowstone (Fort Buford), TX/ND
- Lyman, WY/UT
- Mancos, CO
- Mann Creek, ID
- McGee Creek, OK
- Michaud Flats, ID
- Middle Rio Grande, NM
- Milk River, MT
- Minidoka – Distribution Facilities, ID/WY
- Mirage Flats, NB
- Missoula Valley, MT
- Moon Lake, UT
- Newlands, NV/CA
- Newton, UT
- Norman, OK
- North Platte (Sweetwater), WY/NB
- Nueces River, TX
- Ogden River, UT
- Okanogan, WA
- Orland, CA
- Owyhee, OR/CA
- Palmetto Bend, TX
- Palo Verde, CA/AZ
- Paonia, CRS Participating, CO
  - Three Forks Division, MT
    - Crow Creek Pump Unit
    - East Bench Unit

  - Owl Creek Unit, WY
    - Lucern Pumping Plant
    - Owl Creek ID System
  - Bostwick Division, KS/NB
    - Courtland Unit
      - Kansas-Bostwick ID System
      - Nebraska-Bostwick ID System
  - Cheyenne Division, SD
      - Angostura Unit
  - Frenchman-Cambridge Division, NB
    - Frenchman-Cambridge ID System
  - Frenchman Unit, NB
    - Frenchman Valley ID System
    - H&RW ID System
  - Meeker-Driftwood Unit, NB
    - Frenchman Valley ID System
  - Garrison Division, ND
    - Garrison Diversion Unit
      - Minot Extension
  - Heart Division, ND
    - Heart Butte Unit
      - Western Heart ID System
  - Helena-Great Falls Unit, MT
    - Helena Valley Unit
  - James Division, SD
    - Oahe Unit
      - James Diversion Dam
  - Kanaska Division, KS
  - Kerwin Unit, KS
  - Middle Loup Division, NB
    - Farwell Unit
    - Sargent Unit
  - North Dakota Pumping Division, ND
    - Fort Clark Unit
  - North Loup Division, NB
    - Twin Loups Carriage & Distribution
    - Davis Creek Dam
  - Riverton Unit, WY
  - Sandhills Division, NB
    - Ainsworth Unit
  - Smokey Hills Division, NB
    - Cedar Bluffs ID System
  - Solomon Division, KS
    - Glen Elder Spillway Bridge
  - South Dakota Pumping Division, SD
    - Gray Goose System
    - Hilltop System
  - Webster Unit, KS
    - Webster ID System
  - Wind Division, WY
    - Riverton Unit
    - Bull Lake Dam
    - Wind River Diversion Dam
    - Pilot Butte Dam
    - Midvale ID System
  - Yellowstone Division, MT
    - Savage Unit
- Pecos River Salvage, NM/TX
- Pine River, CO
- Preston Bench, ID
- Rapid Valley, SD
- Rathdrum Prairie, ID
- Rio Grande, NM/TX
- Robert B. Griffith Water, NV
- Rogue River Basin:
  - Medford & Rogue R. Val. Irrig. Dist., OR
- Salt River, AZ
- San Diego Project, CA
- San Luis Valley, Conejos, CO
- Sanpete, UT
- Santa Maria, CA
- Shoshone, WY/MT
- Silt, CRS Participating, CO
- Smith Fork, CRS Participating, CO
- Strawberry Valley, UT
- Sun River, MT
- The Dalles, Western Division, OR
- Truckee Storage, NV/CA
- Tualatin, OR
- Tucumcari (Arch Hurley), NM
- Umatilla, OR
- Uncompahgre, CO
- Vale, OR
- Velarde Ditch
- Ventura River, CA
- Vermejo, NM
- W. C. Austin (Lugert-Altus), OK
- Wapinitia, Juniper Division, OR
- Washita Basin, OK
- WEB Rural Water Development Project, SD
- Weber Basin, UT
- Wichita, Cheney Division, KS
- Yakima, WA
- Yuma Auxiliary, AZ

COLORADO RIVER BASIN SALINITY CONTROL

Mr. BEVILL. Explain the program to redefine the Federal role in the Colorado River Basin salinity control program with more cost-effective options. Will this save us any money, and why does it cost $6 million to redefine these options? I realize the Secretary touched on this, but I thought you might expand on it.

Mr. BEARD. In the past, what we have done is take what I would call a traditional Federal approach. We have gone out and done some surveys and investigations and located a particular natural formation that is contributing salt to the river. We then have sat down and we, the Federal agency, have designed a solution to the problem. We have done the planning, the design, the construction, and then hope to find somebody to take over operation and maintenance of facilities. An entirely Federal solution from beginning to end.

We have spent about $280 million over the last 20 years. Yet the amount of salt that we have reduced or salt that we have taken out of the river is not—there is a judgment question here of whether or not we have really gotten our money's worth. What we have suggested to the Colorado River Salinity Control Forum and other organizations is there has to be a better way, a cheaper way.

What we are proposing to do is take these funds, $6 million, and essentially buy salt. In other words, we are going to rely on local governments, the private sector and others to come up with ideas on how to reduce salt flow into the river, and we are committing to essentially buy their ideas. So rather than relying on a Federal agency to think up the solution, design it, construct it, and operate it, we are going to go out to local entities and to the private sector and ask them to give us their best ideas and we will buy salt, in essence. We think we can get more salt out of the river at a cheaper price and do it faster than the traditional program.

I would say that this is important not only for agriculture in the region, it is even more important for communities in Southern California. The water that leaves the Colorado River and goes over to Southern California is saline. There are treatment costs that are involved in Southern California and all throughout the Southern California area and also in Arizona. It is very important that we find a way to reduce the salt in the river to meet domestic needs as well as our international obligations to the Mexicans. So we think it is a better way. We can get a bigger bang for our buck, if you will.

Mr. BEVILL. I am just curious. Does each of these operations you are undertaking there, which, of course, are commendable, but does that require you to negotiate with Mexico in taking that action?

Mr. BEARD. No.

Mr. BEVILL. The salinity of their water, I have flown over it there, I am familiar with that, that is still a part of the agreement and binding and still in operation.

Mr. BEARD. Yes, sir.

Mr. BEVILL. Are you going to be able to make any improvements on that?

Mr. BEARD. Right now we are meeting our treaty obligations and we will continue to do so. Our Mexican counterparts, I have met with them and toured the area with them, and they are satisfied with the way things are going at the present time.

Mr. BEVILL. Thank you. Thank you, Mr. Chairman.

Secretary BABBITT. Mr. Bevill, I can't resist just underlining the importance of what the Commissioner is talking about. We don't have a distinguished record of achievement on salinity control and the reason is that across the last 20 or 30 years we really have been wedded to this big project model.

I remember actually seeing a plan, as an example, which I believe never really surfaced out of the files of the Bureau—to construct a significant size dam in the Grand Canyon to collect and block off the water from a saline spring called Blue Springs, and then to build a nuclear facility to desalt the water behind this dam.

We have the famous desalting facility mothballed outside of Yuma right now. I don't mean to heap too much scorn on it, but it was a reflection of a kind of engineering approach to salinity control. We may yet find some way to use that technology, and we are taking care of that plant because it is a remarkable technological achievement. It nonetheless stands in the desert as a monument to a mindset, which says we are going to go out there and build engineering works and do it that way. What Dan is saying, I think, is if ever there was a place to kind of put it out of, and let market forces go to work, this is really a wonderful example of it.

FOLLOW-UP QUESTION ON RESCISSION

Mr. MYERS. I think that recommendation reached the committee years ago. I kind of remember that discussion. At the time I don't quite know why nuclear power played into it. It seemed like there were other desalination plans, and we didn't have to spend money on an expensive nuclear plant, what it costs today. I have one follow-up question I meant to ask at the time about the proposed rescission of $10 million.

Would it be necessary to abrogate any contracts if that should be enacted?

Mr. BEARD. No, sir.

Mr. MYERS. Thank you.

Mr. Frelinghuysen.

MR. FRELINGHUYSEN'S OPENING REMARKS

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman. Thank you for moving me up closer to the center of power. Appreciate that. Mr. Secretary, we haven't met, but you certainly get high marks from everybody I talk to in New Jersey.

STERLING FOREST

I want to sort of move to a few questions, and I know that we are here to hear about the Bureau of Reclamation and they don't have facilities in New Jersey, but I know you were good enough last year to testify before the Natural Resources Committee to the importance of preserving an area which is in New York State called Sterling Forest. And this is an area approximately 9,000 to 10,000 acres, a major watershed area for northern New Jersey and it affects potentially, if that area is developed, approximately 4.5 million people. You testified last year, to the best of my knowledge, that you were in support of preserving that property. Is that something which you today support the preservation of?

Secretary BABBITT. Congressman, I do, indeed. I have been up and looked at that area. I think that it is a remarkable place, a really important open space adjacent to the largest urban areas in the Nation. In terms of its watershed function, it is really comparable to the areas in the Adirondacks that have been of such extraordinary value in protecting the water supply of New York City.

That is one of the great success stories of all time. New York City has less water treatment costs by a factor of probably a hundred than an average western city because of the early recognition that that watershed ought to be protected. As you suggest, the Sterling Forest is an extension of that principle.

Mr. FRELINGHUYSEN. So you very much reinforce anything we can do, and your department can do to purchase that property. As you may know, the State of New Jersey has put its money where its mouth is by putting into our State budget $10 million to match Federal funds. If Congress authorizes the acquisition of Sterling Forest, will the Department budget for this activity?

Secretary BABBITT. If Congress authorizes it, the answer is yes.

Mr. FRELINGHUYSEN. I am glad to hear that. As you may be aware, for the past couple of years Congress has actually given your Department some money to begin that acquisition process.

Could you tell me how those dollars are currently being used?

Secretary BABBITT. Mr. Congressman, I will have to respond in writing to that.

Mr. FRELINGHUYSEN. I would very much appreciate your response, and let me thank you for reinforcing that. I think New York and New Jersey would benefit extremely well if we were to purchase that property, and I really appreciate your strong endorsement of moving ahead with that project, and I certainly look forward to working with you to facilitate that.

Thank you very much. Thank you, Mr. Chairman.

[The information follows:]

FUNDING FOR STERLING FOREST LAND ACQUISITION

The House reports accompanying the fiscal year 1994 and fiscal year 1995 Interior and Related Agencies Appropriations bills have stated that land acquisition funds made available for the Appalachian National Scenic Trail may be used for acquisition in Sterling Forest when in accord with the Trail plan.

The Appalachian Trail runs 2,100 miles from Maine to Georgia. The total land acquisition funding available for Appalachian Trail protection was $6 million in fiscal year 1994 and $3 million in fiscal year 1995. No fiscal year 1994 or fiscal year 1995 funds have been used for Trail protection in Sterling Forest to date. The National Park Service is, however, in settlement negotiations for the purchase of land and interests in land in Sterling Forest to resolve a long standing issue of protection of the Trail in the area of Little Dam Lake.

WATER—RESPONSIBILITY TO LOCAL COMMUNITIES

Mr. MYERS. In a discussion of water, what responsibility does the Bureau of Reclamation have to local communities if they need water, if they are running out of water, M&I water, in the Bureau of Reclamation areas, if any?

Secretary BABBITT. The answer is—I think formally and legally—none. I think as a practical matter local communities have again, and again, and again turned to the Bureau for, most importantly, engineering assistance in doing feasibility studies and analyses.

Many communities actually do offer cost sharing simply to invite the Bureau in to do those things. It is true in my own hometown of Flagstaff, Arizona. We are 7,000 feet in elevation. We are not within striking distance of the Colorado River. We will never get water from the Colorado River, but the Bureau of Reclamation has for 50 years been a consultant to the City of Flagstaff in looking for groundwater supplies in analyzing some very complicated water resource issues. Again, I think that is an area that has a lot of importance in the future.

Mr. MYERS. Are any studies available to communities like that? Are you helping them anticipate their needs for the future where the water might come from, the water supply?

Secretary BABBITT. There are, I think, two classes of answers. One is Congress has, from time to time, authorized and funded specific studies which puts the Bureau to work pursuant to congressional direction. I think those are very valid and important, but the Bureau on its own has—in a sort of eclectic kind of opportunistic way—responded to State water resource agencies and communities, and on a cost sharing, and even on a cost-reimbursable, basis done this kind of work. We obviously encourage it.

Mr. MYERS. Well, then other than times when we have specifically directed the Bureau or someone else to make a water study, there are ongoing studies now that you routinely, that the Geological Survey does?

Secretary BABBITT. Well, what I have tried to do is present a theoretical spectrum of opportunities to communities. If the issue is the existence of water, the availability of groundwater—these kinds of issues—the Geological Survey has a large and formal program. It is typically a written agreement with a State which puts them in partnership with the State. That tracks down in many instances to an individual community where they will go out and do a study, upon request and always with cost sharing.

They are magnificent documents. They are really the best kind of science there is. Now, the Bureau shows up at the point when Flagstaff, Arizona, has a Geological Survey water supply study, which says there is water, the best quality groundwater is 3,000 feet down in a fault zone in the Kaibab limestone, 35.2 miles east of Flagstaff, Arizona.

The next question is what will it cost to extract it, filter it, build a pipeline and put it into the city water treatment plant. That is the Bureau's beat and it is the sort of stuff they do really well.

Mr. MYERS. A city the size of Flagstaff I am sure has resources and has probably ongoing plans for the future needs down the road for years, but smaller communities, they are the ones that really don't realize a problem exists until they are out of water. I know it has even happened in Indiana where you don't miss the water until the well goes dry, literally the well has gone dry in some communities. They call up and say, our well is dry, we haven't got water for tomorrow. We had to close the school. Is there anything you can do to help with that?

Mr. BEARD. I think the short answer to your question is it is very difficult to find a major western city where the Bureau of Reclamation does not supply all or a portion of the water supply, the wholesale water supply for those communities. Los Angeles, Southern California, is a good example, with 20 million people, and two-thirds of the water supply for the 20 million people is imported.

Well, it is imported from Bureau of Reclamation facilities or facilities that are related to Reclamation facilities. It is the same whether it is Phoenix, Tucson, Las Vegas, Salt Lake City, Denver.

Mr. MYERS. Do they drink water in Las Vegas?

Mr. BEARD. They do with something with it. But we have also had a very substantial impact in rural communities as well. This budget, for example, is a continuation of funding to assist in the construction of rural water supply systems in North Dakota, South Dakota, and other communities. I think it is very difficult to find communities in the West that don't have some relationship with the Bureau of Reclamation.

Even in States like Oklahoma we have been a major water supply provider at the wholesale level. Much of that has to do with congressional direction, trying to artfully get around the former Speaker from Oklahoma, but many of the projects we had there came through congressional authorizations. The Congress has given us the authority to go out and assist in many of these areas, and we have.

Mr. MYERS. You mean Speaker Gingrich hasn't been the first one to be——

Mr. BEARD. No, that is right.

NATIONAL WATER STUDY

Mr. MYERS. We know who you are speaking of, we served with them, too, and they are very effective. This committee has received a request for a national water supply study. Are you going to be folded into this or are you aware of it? Maybe I shouldn't ask it.

Secretary BABBITT. Mr. Chairman, I am familiar with Senator Hatfield's legislation for a western water——

Mr. MYERS. No, this isn't congressional. The administration has requested it, the Corps of Engineers specifically.

Secretary BABBITT. Oh, interesting. The Bureau of Reclamation will have a formal proposal for a national water study over the transom by 10:00 a.m. tomorrow morning.

Mr. MYERS. Well, don't make any plans yet. We had some reservation. I think water is a local responsibility. Sometimes, as you say, cost sharing, they need help, but I am not sure we really need another national study of all the priorities, but we will have to take a look at it.

ANIMAS-LA PLATA

The Chairman and I have been on the committee for a good many years and Animas-La Plata has been on our plate for a good many years. It has been up and down. The Indians, two tribes, entered into what I think constitutes a treaty agreement a number of years ago. They gave up their water rights for the understanding Animas-La Plata would be built and yet they still haven't quite got there.

Last year, in response to a question from Mr. Bevill, you stated that you are committed to helping them. You said, again, today you are. But, this is an example, the EIS was, I understood it was to be completed this spring, and now it is moved up to October, and it seems like it constantly is delayed.

An agreement was worked with the environmentalists several years ago on this project. Now, we talk about the benefit-cost ratio. Does that really enter into, the benefit-cost ratio? I understood it was an agreement it was going to be built. Now, do we go back and say it might not be built because of the B–C condition?

Could you explain to us where we are a bit more thoroughly today?

Secretary BABBITT. The benefit-cost issue has already been settled and decided by the Congress. It is no longer on the table, so far as my experience over 30 years across the West. It is not an issue that any court is going to take up.

The environmental impact process is complex. It is being driven, as you know, by litigation and a judicial injunction which is now in effect, pending the completion of the updated supplementary environmental impact statement.

I will say without making any judgments that these issues, when it comes to building dams on rivers, have become a lot more complex in the last 10 or 15 years. You can sort of see it in the air out there, but I believe that the environmental compliance effort is adequate. We have received the requisite Section 7 signoff from the Fish and Wildlife Service, which is an important hurdle to clear.

Mr. MYERS. That was the problem last year, as I recall, but that has been agreed to now?

Secretary BABBITT. The Fish and Wildlife Service has issued a Section 7 opinion, and that is taken care of, but the NEPA compliance is still an issue. The Bureau has, I believe, taken great care to do this as mandated by the court and as framed in conjunction with the water users and the tribes and all of the other agencies.

Dan, do you want to add anything to that?

Mr. BEARD. I would just say, we find ourselves between a rock and a hard place. We want to do—we want to make sure that we touch every procedural base correctly so that there are no mistakes in the end. That takes time and attention that necessitated extending the schedule.

Now, we have involved the project supporters, the tribes in our process. In fact, they are undertaking some of the work under authority that the Secretary has to contract out Federal functions to Indian tribes. We are involving them in that process so that they are a full participant in this, and that the extension of the schedule has been agreed to and everybody, nobody likes it, but everybody agrees to the extension.

You know, it is either pay me now or pay me later if we make a mistake in a procedural step here. We know we are going to be sued, no matter what happens. We file it with the court, we know that there will be other court action. We fully expect it anyway, let's put it that way. We want to make sure that we touch every base correctly and so that we don't end up trying to meet an artificially early deadline and then extend the thing by another two years at the end.

We are also fully aware that there is a year 2000 deadline here, and the tribes have the ability to reopen and go back into court if they so choose. I think that is a judgment that they are in the process of making, but right now they are involved in our process, and they are a participant in it. They are aware of the extensions and what is going on and why.

Mr. MYERS. Well, Mr. Bevill and I met with the tribes' representatives a couple weeks ago and they feel like they have been let down. They have done everything that has been asked of them. In fact, of course, original concessions were made by the tribes back a number of years ago before your watch, Mr. Secretary, and yours, too, Mr. Commissioner. But, anyway, they feel like they have done everything, but time is running out, and the legal expenses continue to be their burden, and I share their concern.

I think it seems like that they have—now this year as an example I understand the only construction you are requesting is relocating a gas line. Isn't it possible after October that we can start construction in this next fiscal year for some of this project so we can meet that year 2000 deadline without causing anymore undue burden to the tribes?

Mr. BEARD. Well, I have told the project sponsors as well that it is our best judgment based on what we anticipate will happen when we go back to court. We are trying to read into the crystal ball, but our best judgment is that if we go back into the court in October and we get clearance, given the construction season and the design work that has to be done and the contracts that have to be let and all the other requirements that are there, that that is the best that we can do in 1996.

I have told them that if we can do more, we do have the ability to reprogram funds and we could let other contracts, assuming that we had slippage in other areas as well. So I have given them a commitment that I will do that in 1996 if it is possible or if it is feasible to do, but, again, I don't want to request funds from you that I am, in the end, not going to need. I don't want to request more than I need. So the problem with budgeting is you are always looking at least one and two years in advance, trying to guess what is going to happen.

Mr. MYERS. I understand the land is available; is that right? The land needed to complete Animas-La Plata is available to the Bureau, all that has been done by the bureau?

Mr. BEARD. Land acquisition is completed, I think. It is not? Okay. We will get that for the record, Mr. Chairman.

Mr. MYERS. If you could.

[The information follows:]

ANIMAS-LA PLATA LAND ACQUISITION

Land acquisition is not completed. We have completed condemnation of the Bodo property. We have acquired right of entry permits for surveys and investigations over other properties related to NEPA compliance.

ANIMAS-LA PLATA ENVIRONMENTAL IMPACT STATEMENT

Mr. MYERS. I understand it is a procedural thing, the court just required a supplemental environmental impact statement. Are they going to—is someone going to evaluate that? Is the court capable of evaluating that supplemental environmental impact statement?

Secretary BABBITT. Without knowing any details about the parties to this litigation, I can tell you with 100 percent certainty that—once the supplemental environmental impact statement will be filed with the court in October—the judge will then set out a briefing schedule and a hearing schedule to have formal arguments on the adequacy of the supplemental environmental impact statement. The judge will not release the injunction which enables us to proceed until that hearing has actually taken place and he has ruled on it.

That is one reason I think that the October deadline can be a little misleading because then you have to have this court cycle on top of it before we can legally turn one shovel of earth out on that site.

[CLERK'S NOTE.—After the hearing, the Committee was informed that the Animas-La Plata project is not currently the subject of a law suit. For that reason, the Supplement to the 1980 Environmental Impact Statement does not have to be filed with the court after it is completed, unless another suit is brought forward.]

Mr. MYERS. What caused the slippage in the supplemental environmental impact statement? Didn't last year you promise it in June? Am I mistaken about that?

Mr. BEARD. It is about a five-month delay.

Mr. MYERS. What caused that delay?

Mr. BEARD. The primary thing that caused that delay was that we have been working closely with the Environmental Protection Agency, which was very critical of our earlier draft statement to correct all the problems. That was one reason for the delay because I want to correct those problems to head off any potential issue with EPA down the road.

Data collection was another problem. It took us time to get the tribes involved and up to speed as a participant with the contractors to assist us in data collection and analysis work. We have had a significant number of public comments and public documents that have been submitted to us for evaluation. I guess there may be others, but those were the primary three, the cause, the requirements for the slippage.

Mr. MYERS. Certainly, no one can predict any action by any court and how long after October it will take. But now we are talking about a year after October. This fiscal year 1996 starts on October 1st, and there is the 12-month period there.

It seems like surely the court will have acted on it in that period of time, and you don't have any money requested for construction at that point, sometime during the calendar and fiscal year 1996.

Secretary BABBITT. Mr. Chairman, I would suggest that we construe your question as a request to respond in writing to this committee with a time line of what happens in what order on the date that the judge releases that injunction, and precisely how it is it plays out. Would that be helpful?

Mr. MYERS. Sure, it would be, yes.

[The information follows:]

ANIMAS-LA PLATA SUPPLEMENTAL ENVIRONMENTAL IMPACT

The present schedule is to file the Supplemental Environmental Impact Statement with EPA in October 1995. After the public comment period, the Record of Decision should be signed by the end of December 1995. An additional lawsuit would have to be brought forward after the NEPA process is completed (i.e., the Record of Decision) to trigger court involvement. With the completion of the NEPA requirement, as outlined in the CEQ guidelines, the Notice to Proceed with construction can be issued.

Upon a notice to proceed, Reclamation will initiate the construction process by entering into construction contracts with both Colorado Ute Indian Tribes through the Indian Self-Determination and Education Assistance Act (P.L. 93–638). Assuming successful NEPA compliance, a construction contract award for the natural gas pipeline relocation is scheduled for June 1996. This is the first critical step to initiating construction on Ridges Basin Dam.

Mr. MYERS. Then what would be your construction capability along with that? I have one last question. I realize I have taken more than my five minutes here.

CENTRAL ARIZONA PROJECT

In the Central Arizona Project we had some problems with a contractor who didn't do the job on some siphons. Has that been resolved?

Secretary BABBITT. Yes, I believe the siphon reconstruction is now underway. We had a long and acrimonious dispute about cost sharing. I believe that has been finally resolved and the construction of those siphons is now underway.

Mr. BEARD. Yes.

Mr. MYERS. So there is no more question about the companies that evidently didn't fulfill their contractual responsibility? Is that right, are they liable?

Mr. BEARD. I think that depends, if you ask the company. They feel that they have complied with their original contracts and that the construction was adequate. We have had disagreements with them and have been talking to the Justice Department about possible remedies.

The fundamental issue, and the most important issue from my perspective, is those siphons are unsafe, and we have to correct them as quickly as possible. We have a basic agreement, provided by the Congress, on what the cost sharing will be, and we have been proceeding as quickly as possible to reconstruct those that are the most potentially dangerous. I don't want to say they are dangerous, but have the greatest potential for a problem, and we are moving as quickly as possible to get that done. So I think that we will resolve——

Mr. MYERS. Was it a design problem or was it improper equipment placed in the siphons?

Mr. BEARD. Actually, it was the internal construction of the concrete pipe itself, and the materials in it. They are wrapped with bands inside to hold them together, and those bands rusted.

Mr. MYERS. So it was a contractor responsibility clearly?

Mr. BEARD. It depends. The contractor says he met all the specifications, so it depends on whether or not you ask the contractor or you ask our people. That is a source of continuing debate and discussion.

Secretary BABBITT. Mr. Chairman, there is one other Central Arizona Project issue that I am sure you will hear from the Arizona people and appropriately so. It is kind of an Animas-La Plata kind of issue. It is——

Mr. MYERS. Oh, God, here we go again.

Secretary BABBITT. It is the Tucson terminal storage. I believe that we must proceed to provide storage in Tucson. It really is an integral part of the project, and it is at the very end of the line. There has been some debate in Tucson and some studies of reconfiguration of that. You will hear from the Arizonans suggesting that our position is exactly analogous to Animas-La Plata.

We have put in approximately $3 million for preconstruction and land acquisition and engineering. I just would like the record to show that I believe our mandate from this committee is to proceed to see that through as an integral part of this project. That is kind of an anticipatory response to some of the folks out here in the audience.

ANIMAS-LA PLATA

Mr. MYERS. Mr. Bevill, do you have any further questions or comments?

Mr. BEVILL. Just that I am glad to hear the Secretary's statement about the Animas-La Plata, but on the letter I think that is an excellent suggestion because we have been dealing with this matter, as you know, for many years. And as you know, the two big Indian tribes there spent 100 years negotiating with the Federal and the State government and, finally after 100 years of negotiations they came to an agreement.

The Indian tribes gave up a great deal of their water rights, and they made a sacrifice to get this project. And it so happens they have 65 percent unemployment, and I think this is something that there is a humane side to, that it ought to be acted on, and I don't understand why, even though I have been through these things many times, I have never seen one that was more one-sided than this.

The people's rights are being violated, and I appreciate your offering to give us a letter on this setting this up. If you send the Chairman a letter there setting out what, one, two, three, what needs to be done, and I think we can follow through. Would you do that?

Secretary BABBITT. I would be happy to do that. Thank you very much.

Mr. MYERS. Well, thank you. Each of us has a series of questions we will provide for the record. There is nothing new about that, but we do thank you, Mr. Secretary, and Mr. Beard and Ms. Lawler for coming before us once again. And the support crew here, thank you for the job you are doing and we look forward to working with you.

We may have to come back and ask you a few questions between now and then, but I hope it will be at a minimum. So, again, thank you very much for your testimony.

[The information follows:]

Chairman Myers' Questions for Honorable Bruce Babbitt, Secretary of Interior

RESCISSION OF OPERATION AND MAINTENANCE FUNDS

Mr. Myers. Mr. Secretary, in your statement you indicate that adequate funding for the Operation and Maintenance Program is one of the Bureau of Reclamation's highest priorities. Our panel has agreed, and as a result, funding for the Operation and Maintenance Program has more than doubled since FY 1987. However, as you are well aware, the new Congress is committed to reducing spending and balancing the budget. Last Wednesday our panel marked up our portion of the rescission bill that is scheduled to go before the full committee tomorrow morning. Included in our recommendation was a rescission of $10,000,000 from Reclamation's Operation and Maintenance program. Have you had the opportunity to determine how you will apply that rescission of funds if, in fact, it becomes law?

Mr. Babbitt. I believe that a reduction of $10.0 million will have a significant impact. At this time in the fiscal year, a number of contracts have been let and commitments have already been made. An analysis of the Operation and Maintenance program is being undertaken to determine the best way to allocate this reduction.

Mr. Myers. I want to assure you that we will continue to do the best we can to provide sufficient funds for efficient and effective operation of Reclamation projects; however, we must all look for additional ways to reduce spending. You indicated in your statement that in order to minimize the need for appropriated funds, Reclamation is promoting partnerships with Federal and non-Federal entities and is planning to aggressively pursue opportunities for non-Federal entities to take over the operation and maintenance of projects. I believe that this committee would generally support you in those efforts. Can you please tell us what you are doing in that regard?

Mr. Babbitt. I understand that Reclamation has had significant success in forming partnerships. I understand that Reclamation is seeking partnership agreements with States, districts or groups of districts serving agricultural or municipal and industrial customers, or both. These agreements would determine how all parties will work together to solve shared problems and would improve water resource management. Reclamation is leveraging Federal dollars by joining with the National Fish and Wildlife Foundation, Trout Unlimited, and other private and public organizations to conserve scarce natural resources. Bonneville Power Administration is funding major replacements at powerplants in the Pacific Northwest.

Reclamation's historic approach has been to turn over operation and maintenance of single purpose intrastate facilities to non-Federal entities. However, funds have been requested for flood control, fish and wildlife, recreation and other benefits incurring non-reimbursable costs. Reclamation is aggressively pursuing a program to transfer title and/or operation and maintenance responsibilities to local interests. We are developing a process to identify projects for possible transfer and the issues involved in the transfer.

Mr. Myers. Would any transfer of responsibility to local interests be voluntary?

Mr. Babbitt. Yes, transfers of responsibility are undertaken only when beneficiaries show interest.

Mr. Myers. Have you had any success in actually transferring title of any projects to local interests?

Mr. Babbitt. We believe that legislation must be enacted before title to any project can be transferred to local interests. For example, Title XXXIII of P.L. 102-575 authorized the transfer of portions of the Elephant Butte project to local interests.

Mr Myers. As funds become more scarce, I believe that it is important that you concentrate your efforts on work directly related to the efficient operation and maintenance of projects. In the last few years, the Associated O&M programs have been growing at a rapid rate. I think you should carefully look at those programs to make sure they are contributing to what should be your number one objective, the reliable operation of projects. Would you care to comment on that?

Mr. Babbitt. The goal of Reclamation is to achieve a sustainable level of operation and maintenance of project facilities, ensure water and power deliveries to beneficiaries, and emphasize innovative water conservation programs. Reclamation is continuing to shift reimbursable costs to specific projects where appropriate and reduce the amount requested for associated O&M programs.

ANIMAS-LA PLATA PROJECT

Mr. Myers. Mr. Secretary, last year in response to a question from Mr. Bevill you stated that the Department was committed to completing the Animas-La Plata project. Is that still the case?

Mr. Babbitt. Yes, that is still the case. We are working diligently and in close cooperation with project sponsors, especially the Southern Ute Indian Tribe and the Ute Mountain Ute Tribe, to complete environmental compliance requirements for the project.

Mr. Myers. I believe that at this time last year the Supplemental Environmental Impact Statement for the project was scheduled to be completed this June. We now understand that the current timetable calls for completion of the EIS in October of this year. Is that correct and if so will you be able to keep that schedule?

Mr. Babbitt. You are correct, the schedule now anticipates the Supplemental EIS is to be filed with EPA in October of this year and we are confident we can meet this schedule. This schedule change was made as the result of additional work requirements suggested by the Tribes through their Indian Self-Determination Act contracts with Reclamation. Through these contracts, the Tribes have added great value to the quality of environmental compliance activities for the project.

Mr. Myers. For FY 1996, the only construction that you propose to undertake is the relocation of a gas pipeline. Assuming that all environmental requirements are met, do you have the capability to undertake additional, meaningful construction in FY 1996? If so, why didn't you request the funds necessary for that work?

Mr. Babbitt. The FY 1996 budget proposed for the Animas-La Plata Project is adequate to meet the project NEPA commitment, certain preconstruction requirements, and award of construction contracts associated with the utilities relocations for Ridges Basin Dam in the spring of 1996. This is our honest assessment of project performance potential and reflects the need to control Federal spending. Reclamation could have additional capability and may seek to reprogram funds to accomplish the work if necessary.

Mr. Myers. Because of your failure to request funds to begin meaningful construction in FY 1996, how do you view your ability to fulfill the provisions and meet the deadlines contained in the 1988 Settlement Act, as you are required to do as trustee?

Mr. Babbitt. To honor our trust responsibilities, Reclamation must show substantial progress in completion of Ridges Basin Dam and Collection System in the next few years. That is why $4.9 million is being requested to continue preconstruction activities and, subject to environmental compliance, to initiate construction with award of contracts to relocate the Northwest Pipeline. Each of these activities must proceed in a certain order, and relocation of the utilities currently in the reservoir area is the first step. We have been working closely with both Tribes to ensure that their P.L. 93-638 contracts can be rapidly executed and construction initiated. We believe we will have made substantial progress toward completion of required facilities by the year 2000.

Mr. Myers. The budget indicates that you are in the process of updating the economic analysis for the Animas-La Plata project. I understand that you are using a "peer review" process in connection with that effort. Can you describe that process for us?

Mr. Babbitt. Reclamation is updating its economic and financial analysis of the project in response to recommendations made in a recent report by the Department's Office of Inspector General. The Bureau requested a review by nine qualified natural resource and agricultural economists of the initial draft economic analysis. The review was of short duration with an emphasis on each reviewer independently identifying major issues that might need attention. Reclamation is now studying the review comments to determine what adjustments in the analysis are necessary.

Mr. Myers. Has this process been used before?

Mr. Babbitt. Reclamation often seeks input from specialists outside the organization on issues where additional perspectives are considered appropriate.

Mr. Myers. How were members of the peer group selected?

Mr. Babbitt. Peer review members were selected by a team of Reclamation staff. Economists that have expertise in Western water projects, including those that have experience with agricultural economics, were sought out. In particular, the peer review group included economists from universities in Colorado and New Mexico familiar with conditions in the Animas-La Plata project area.

Mr. Myers. Were project stakeholders -- those with repayment contracts and other responsibilities-- notified of this process and allowed to participate in the formation of the peer group?

Mr. Babbitt. Project stakeholders were informed that the peer review was to be performed. At a general briefing for project sponsors in May 1994, the subject was discussed. The economic analysis is a subject at monthly project interdisciplinary team meetings, which project sponsor representatives sometimes attend. Stakeholders did not participate in selection of the peer reviewers.

Mr. Myers. As you know, the computation of benefit-cost ratios is sensitive to the discount rate used in the analysis. I understand that you plan to compute the benefit-cost ratio using a range of discount rates, including the authorized rate. Under what authority are you analyzing the project at other than the authorized rate?

Mr. Babbitt. The Water Resources Development Act of 1974 authorizes the use of a current discount rate for projects authorized before 1969, if "satisfactory assurances to pay the required non-Federal share of project costs" were not given prior to December 31, 1969. The Economic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies also require sensitivity analyses so that decisions can be made with knowledge of the degree of reliability of the estimated benefits and costs of plans. Additional authority is not required for Reclamation to evaluate the project at alternative discount rates.

Mr. Myers. Will the analysis that is presented to Congress include benefit-cost ratios computed for a range of discount rates, including the authorized rate? If not, why not?

Mr. Babbitt. Yes, the analysis will present benefit-cost ratios using the current discount rate as contemplated by the Water Resources Development Act of 1974 and, for comparison purposes, the discount rate at the time of project authorization. The purpose of this analysis is to provide the Congress and public, including Federal agencies, with the most technically credible and defensible information about the project.

Mr. Myers. In computing benefits for the project, have you included the value of the Indian Water Rights Settlement? If not, why not?

Mr. Babbitt: The value of the Indian Water Rights Settlement is a very important component of Reclamation's responsibilities and commitment to the project. I understand that Reclamation economists are examining methods to evaluate the Settlement value and are reviewing an economic report recently done by a consultant hired by some of the project sponsors. We have not yet included the benefits of the Settlement but will continue to consider how to best address this important issue. Nonetheless, benefits associated with provision of agricultural, municipal and industrial water supplies were included for Indians in the same manner that they were included for non-Indian project users.

CENTRAL UTAH PROJECT COMPLETION ACCOUNT

Mr. Myers. Mr. Babbitt, have the members of the Utah Reclamation Mitigation and Conservation Commission been appointed? Please provide a list of the members of the Commission for the Record.

Mr. Babbitt. The appointment of the fifth and final member of the Commission was made in December 1994. The members are:
Wayne Owens, Chairman - Attorney, former Congressman from Utah
Don A. Christiansen, Vice Chairman - Manager, Central Utah Water Conservancy District
Hugh H. Hogle - Surgeon and former member of Utah Wildlife Board
Robert K. Nelson - businessman and retired public affairs officer
Robert G. Valentine - Director, Utah Division of Wildlife Resources

Mr. Myers. Has the State of Utah made its required contributions to the Utah Reclamation Mitigation and Conservation Account?

Mr. Babbitt. Yes. The State's contributions for FY 1994 and FY 1995 have been received, deposited in the Utah Reclamation Mitigation and Conservation Account, and invested.

Mr. Myers. What is the current schedule for completion of the work authorized by the Central Utah Project Completion Act? What is the total estimated cost of the remaining work?

Mr. Babbitt. I understand the Central Utah Water Conservancy District's current schedule is that all work authorized by the Act will be completed by 2003. At this point in the planning process, the best estimate of the cost of remaining work to be funded through this appropriation account is the same as the remaining amount of the appropriation ceiling. As of October 1995, that amount is $495 million.

Mr. Myers. Has the Central Utah Water Conservancy District met all of its obligations under the Act?

Mr. Babbitt. I understand that, thus far, the District has met all of its obligations under the Act.

Mr. Myers. Are you satisfied that the money the taxpayers are contributing to this project is being spent wisely?

Mr. Babbitt. The Act was enacted in October 1992 after several years of discussions regarding how to complete the Central Utah Project in a timely and environmentally sound manner. The Department has established a program coordination office in Provo, Utah, that is carefully monitoring the performance of the District and it's expenditure of funds. I am satisfied that the Department's oversight efforts are protecting the taxpayers' interests and ensuring that statutory directives are observed.

ELWHA RIVER RESTORATION

Mr. Myers. Please provide the Committee with a status report on the Elwha River Restoration project.

Mr. Babbitt. In June 1994, the report required by Public Law 102-495 on acquisition of the Elwha River dams and restoration of the ecosystem was submitted to Congress. The report concluded that dam removal was the only alternative that would result in full restoration of the ecosystem, and estimated that dam removal and sediment management would cost $147 to $307 million.

Subsequently, the Department, under the lead of the National Park Service, initiated work on an Environmental Impact Statement (EIS) and related advance planning activities to provide additional information to decision makers and to the public. The EIS is divided into two documents: final publication of EIS-1, which consolidated already available information, is scheduled for April 1995. A public review draft of EIS-2, which together with related advance planning activities will address information on lower-cost restoration alternatives, costs and benefits, water quality protection and fish restoration, is scheduled to be available in July 1995, with the final scheduled for release in mid-1996. As a result of continuing studies, the highest cost (i.e., $307 million) alternative has been dropped from consideration and the cost of the least expensive option has been reduced to $80 to $100 million.

Mr. Myers. Are any funds included in the Bureau of Reclamation's FY 1996 budget request for that project?

Mr. Babbitt. No. The FY 1996 budget for the National Park Service includes $2.6 million, which will be used to complete EIS-2 and the advance planning activities, and to gather additional baseline data related to fishery restoration and potential dam removal.

WARD VALLEY

Mr. Myers. The Low-Level Radioactive Waste Policy Act gives the states the authority and responsibility for low-level waste disposal. In 1993, in fulfillment of this law, the State of California issued a license for a proposed low-level radioactive waste disposal facility at Ward Valley, after exhaustive scientific review and analysis. California has requested the federal government to transfer the federal Ward Valley land to the State, a necessary step for the project to proceed. The Administration has so far refused this request.

In March 1994, Interior Secretary Babbitt requested a panel of the National Academy of Sciences to study safety allegations about Ward Valley raised by opponents of the site. The final report on that study was supposed to be issued December 1, 1994, but it is now three months behind schedule.

On February 6, Senator Murkowski and Congressman Young wrote to President Clinton about Ward Valley. The letter strongly urges you to proceed with the land transfer without further delay or process once the NAS study is released, unless the study raises significant new issues that have not already been addressed through the comprehensive State licensing process. Do you agree that your decision should be based on that standard of review?

Mr. Babbitt. A decision on transferring the land will be made only after reviewing the NAS report.

Mr. Myers. The study you requested the NAS to conduct on Ward Valley is now about three months overdue. Have you contacted the NAS panel to see what's going on?

Mr. Babbitt. Yes, the Department has been in contact with the NAS to find out when the report will be completed.

Mr. Myers. What did they say? By what date will the report be issued:

Mr. Babbitt. I understand that their current schedule is to issue the report by the end of March 1995.

Mr. Myers. I'm very concerned that your delays on the Ward Valley transfer are sending a strong message to California and other States that the Administration is not committed to the existing legislation. Is this your policy? What specifically do you plan to do to help California and other States succeed in fulfilling the Federal law?

Mr. Babbitt. We support the purposes of the Low Level Nuclear Waste Policy Act and the other Federal laws implicated by the Ward Valley proposal, such as the Federal Land Policy and Management Act. In this specific case, a decision on land transfer will be made as expeditiously as possible after receipt of the NAS report.

The Honorable John Myers
Questions for Commissioner Beard

RECLAMATION MISSION

Mr. Myers. Mr. Commissioner, last year Mr. Bevill asked the Secretary what the future mission of the Bureau of Reclamation should be. Based on the FY 1996 budget request it appears that a primary mission of the Bureau of Reclamation will be to restore and enhance fish and wildlife habitats throughout the western states. Is that a fair assessment of your budget request?

Mr. Beard. Our budget request reflects our serious commitment to operating our projects, in partnership with other water resource entities, to further the preservation and restoration of fish and wildlife resources affected by the projects. Other high priorities include a broad range of other uses -- urban needs, Indian self sufficiency, agriculture, and recreation. Reclamation is placing more emphasis on enhancing and protecting the environment and stretching water resources to meet the needs of a greater and more diverse number of consumers through water reclamation and reuse, transfers, and conservation.

Mr. Myers. Do you happen to know how much is included in your budget request for activities related to fish and wildlife habitat restoration and enhancement?

Mr. Beard. Our fiscal year 1996 request includes about $115 million for fish and wildlife management and development.

NEW MISSION

Mr. Myers. An alternative to the creation of a new mission for the Bureau of Reclamation would be to eliminate your agency. As part of your efforts to reinvent the Bureau of Reclamation, did you ever seriously consider recommending that it be eliminated, recognizing that such a proposal would probably take a number of years to implement?

Mr. Beard. When I arrived at the Bureau of Reclamation I commissioned an internal team to examine the mission of Reclamation. All options were open, including consideration of eliminating the Bureau. The team reported back to me that Reclamation still had a mission to perform and critical skills available that could be adapted to the changing mission.

The changes we have made as an organization are transforming the Bureau of Reclamation from a civil works construction agency to a streamlined water resource management agency. The overall collection of Reclamation's engineering and scientific expertise will be retained and used in carrying out the new mission.

SAN JOAQUIN RIVER BASIN RESOURCE MANAGEMENT STUDY

Mr. Myers. At the markup of our part of the rescission bill that will go to the full committee tomorrow, Mr. Riggs offered an amendment to the report on behalf of Congressmen Radanovich, Dooley, and Thomas that directs you to not obligate any additional funds in FY 1995 for the San Joaquin River Basin Resource Management Study. What is the current status of that study?

Mr. Beard. The San Joaquin River Comprehensive Plan project team is currently outlining an approach to developing the plan required by section 3406(c)(1) of the Central Valley Project Improvement Act, and preparing technical reports. Activities will be identified which would allow the Fish and Wildlife Service and the Bureau of Reclamation, in cooperation with the California Department of Fish and Game, the California Department of Water Resources' San Joaquin River Management Program, cooperating agencies, and the interested public, to identify reasonable, prudent, and feasible activities. These activities include water quality, riparian habitat, channel, and streamflow improvements for the San Joaquin River system, from Mendota Pool to the Delta. Also included are activities to sustain the existing anadromous fish population on the lower San Joaquin River system, from Mendota Pool to the Delta and activities to define the technical feasibility of reestablishing an anadromous fish population downstream of Friant Dam, from the dam to Mendota Pool.

INSTITUTIONAL BARRIERS

Mr. Myers. You state that Reclamation will be working to overcome institutional barriers to water reclamation and reuse. Would you please describe for us what those barriers are and what you are doing to overcome them?

Mr. Beard. Multiple local jurisdictions and functions often obscure opportunities for solving problems that involve two or more local entities or, if opportunities are identified, impede their pursuit. Reclamation is not confined to local jurisdictional boundaries or charters. We can, therefore, help identify, from a broader perspective, potential opportunities on a watershed basis for better management of natural resources, by facilitating multi-jurisdictional evaluations, planning.

NEW STUDIES

Mr. Myers. Please provide for the record the authority for each of the 14 new studies included in the FY 1996 budget request.

Mr. Babbitt. I will be glad to provide the information you requested for the record.

[Information for the Record:]

14 New Studies and Their Authority

1. **Ashley\Brush Creeks Optimization Study** - Reclamation Act of 1902, June 17, 1902
2. **Kansas Comprehensive Investigation** - Reclamation Act of 1902, June 17, 1902
3. **Lower Colorado Indian Water Management Study** - Public Law 93-320, Colorado River Basin Salinity Control Act, June 24, 1974; Public Law 102-250, March 5, 1992; Reclamation Act of 1902, June 17, 1902
4. **Lower Owens River Environmental Study** - Reclamation Act of 1902, June 17, 1902; Public Law 101-233, North American Wetlands Conservation Act of 1989, October 13, 1989; Migratory Bird Treaty Act of 1918, July 3, 1918

5. **Malibu Creek Fishery Enhancement Study** - Reclamation Act of 1902, June 17, 1902
6. **Nebraska Water Study Assessment** - Reclamation Act of 1902, June 17, 1902
7. **Oklahoma Water Supply Study** - Reclamation Act of 1902, June 17, 1902
8. **Rio Grande\Low Flow Conveyance Channel Study** - Public Law 858, The Flood Control Act of 1948, June 30, 1948; Public Law 516, The Flood Control Act of 1950, May 17, 1950
9. **Rio Grande\Rio Bravo International Basin Assessment** - Public Law 104, Rio Grande Reclamation Project, February 25, 1905, authorized by the Secretary of the Interior on December 2, 1905; Public Law 225, Extended Reclamation Act to Texas, June 12,1906
10. **Southern California Coastal Water Supply** - Public Law 102-575, Title XVI, Reclamation Projects Authorization and Adjustment Act of 1992, October 30, 1992; Reclamation Act of 1902, June 17, 1902
11. **Southern Oregon Coastal River Basins** - Public Law 102-575, Reclamation Projects Authorization and Adjustment Act of 1992, October 30, 1992
12. **Southwest Colorado Rural Water Supply Study** - Reclamation Act of 1902, June 17, 1902
13. **Washington River Basin Planning** - Reclamation Act of 1902, June 17, 1902
14. **Yellowstone River Basin Study** - Public Law 95-205, Endangered Species Act of 1973, December 28, 1973

NEW STORAGE OR CONVEYANCE FACILITIES

Mr. Myers. Are any of your ongoing studies investigating the need for major new storage or conveyance facilities?

Mr. Beard. Yes, we have some studies that are investigating the need for major new storage or conveyance facilities. All or part of the costs for the potential construction will be funded by non-Federal entities. I will be glad to provide a list for the record.

[Information for the Record:]

POTENTIAL NEW STORAGE OR CONVEYANCE FACILITIES

A list of studies that include investigations of potential new storage or conveyance facilities follows:

Upper Snake River Basin Salmon Migration Water Study -- The study involves storage options for endangered salmon migration flows. The study has been undertaken at the request of the Pacific Northwest Power Planning Council.

San Joaquin River Basin Resource Management Initiative -- The identification of new or increased storage facilities and/or appurtenant conveyance facilities is to be considered. If the Corps of Engineers investigates enlarging Friant Dam in FY 1996, we would utilize their results when determining what reasonable, prudent, and feasible water supply options are viable for inclusion in the San Joaquin River Comprehensive Plan documentation.

San Francisco Area Water Reclamation Study -- Efforts have focused on the analysis and identification of potential market areas for water reuse. Current efforts focus on refining alternatives, assessing water quality and quantity issues, storage requirements, operation of existing systems, costs and funding, and environmental issues. The information gathered will be used to determine project feasibility and ultimately programmatic environmental compliance. Preliminary analysis has identified potential demand for storage facilities of between 100,000 acre-feet - 400,000 acre-feet capacity. Blending requirements, detention time for water quality requirements and seasonal demands are some of the criteria affecting the storage capacity requirements. Need for conveyance facilities associated with the market areas range in distance from 122 miles to 410 miles to support collection, transportation, and distribution of supplies to market areas. Existing facilities would be used to the maximum extent possible for all export market areas.

Yampa River Water Supply Study -- This study is examining the potential rehabilitation, enlargement, and reoperation of Elkhead Creek Reservoir for the purposes of endangered species habitat enhancement and M&I water supplies for the city of Craig, Colorado. The Yampa River is identified as critical habitat for the recovery of the Colorado River endangered fish species, and the Colorado River Recovery Implementation Program is participating in this study for the purpose of legally protecting recommended instream flows. The Colorado River Water Conservation District owns approximately 800,000 AF of conditional storage rights on the Yampa River. The District's water rights would be used to implement the Yampa River Management Plan, which will include the protection of instream flows. The reservoir enlargement itself would be performed by the District, the State of Colorado, local water users, and the city of Craig. Construction would be cost-shared by State and local sources and by Reclamation's Colorado River Recovery Implementation Program funds. The construction cost for the enlargement is expected to be about $20 million.

Southern California Comprehensive Water Reclamation and Reuse Study -- This study may include major distribution facilities for moving reclaimed water between points of origin and points of use. Natural waterways would be used to the extent appropriate for enhancing wildlife values and reducing costs. Due to the seasonal nature of the demands and the relatively constant supply of reclaimed water, storage will be considered as a way to optimize the use of the reclaimed water. However, groundwater recharge will be considered as the first storage option, particularly considering that many of the groundwater basins in southern California are in an overdraft situation. Surface storage will be considered where groundwater recharge opportunities are not available for seasonal storage. Blending of reclaimed water in existing surface storage facilities will be thoroughly investigated before considering new surface storage facilities. Any Federal funding for storage or conveyance facilities that might be proposed as a result of the study would require Congressional authorization.

Edwards Aquifer Regional Water Management Study -- This study is focused on proposing water management and water conservation alternatives. While not proposing any new major water storage or conveyance facilities, the study is a component of a State of Texas study, the Trans-Texas Water Program. The

Trans-Texas Water Program is a much broader study that includes water storage and conveyance facility alternatives.

Other Studies -- The Bureau is also currently working with the Cheyenne River Sioux, the Crow Creek Sioux, the Chippewa Cree, and the Ft. Peck Assiniboine and Sioux Tribes to complete studies that will identify and document municipal, rural and industrial water supply problems, needs and opportunities on the respective reservations. Based on the findings of these studies, the Tribes may choose to pursue authorization of more detailed studies. However, we do not expect findings for a need for major new water supply, treatment, and distribution facilities.

ASHLEY/BRUSH CREEKS STUDY

Mr. Myers. The Ashley/Brush Creeks, Utah, study will examine ways to provide alternative supplies of water to the Stewart Lake Waterfowl Management Area. Is Reclamation responsible for providing water to the waterfowl management area?

Mr. Beard. Yes. Reclamation has a NEPA mitigation requirement to provide 780 acre-feet per year of good quality water to Stewart Lake under the Vernal/Jensen Units of the Central Utah Project. This was initially planned under phase 2 of the Jensen Unit. However, phase 2 was not completed because the full demand for project never materialized. Initially, it appeared that this commitment was being met from irrigation return flows collected by the Jensen Unit underground drains. However, recent studies under the National Irrigation Water Quality Program determined that this drain water is contaminated with selenium and is causing unacceptable adverse impacts to fish and waterfowl. There is, therefore, a need to provide an alternate water supply to Stewart Lake.

This is just one aspect of the proposed study. The greater need is to integrate operation of the "water rich" Jensen Unit area, Brush Creek drainage with the "water poor" Vernal Unit area, Ashley Creek drainage, where there are additional water supply needs.

Mr. Myers. The study will also investigate problems associated with the Ashley Valley sewage lagoons. Why should the Federal government be involved in what appears to be a local responsibility?

Mr. Beard. There are two parts of this issue. First, the Uintah Water Conservancy District needs additional water supplies in the Vernal Unit area. One alternative it is investigating is to collect irrigation drain water from Vernal Unit drains and the discharge water from the Ashley Valley sewage lagoons, and store this water in a potential reservoir site immediately below the sewage lagoons. However, studies under the National Irrigation Water Quality Program indicate there are serious contamination problems in the discharge water from the lagoons, due to the pickup of selenium as the water seeps through the mancos shales. The District has requested assistance from Reclamation and the interagency National Irrigation Water Quality Program study team to help resolve this problem. The District has expressed interest in helping resolve the lagoon problem if this could make the discharge water suitable for its use.

Second, the Ashley Valley Sewer Board realizes the sewage lagoon seepage problem is causing unacceptable adverse impacts to endangered fish and waterfowl in lower Ashley Creek, but it lacks the financial capability to solve the problem. The lagoons were partially funded by EPA, but EPA does not have the capability to fund the entire solution. The State of Utah, the Sewer Board, and EPA are currently seeking funds within their organizations to participate in a solution. At the December, 1994, meeting of the Western States Water Council, the Utah Department of Environmental Quality asked Commissioner Dan Beard for assistance in getting Federal agencies together with local and state officials to assist in developing a cooperative approach in solving this problem. Reclamation's Upper Colorado Region and the Environmental Protection Agency are working with the local community and State officials to develop a watershed management approach to solving this problem.

While the sewage lagoon issue is also just one aspect of the overall study, we believe the State, Federal, and local partnership proposed is the appropriate approach to resolving the many water resource related issues in this region. The threat to endangered fishes due to selenium contamination will not be fully mitigated without resolution of both the sewer lagoon contamination problem and the Jensen Unit irrigation drain problem. Furthermore, resolving the sewer lagoon problem is essential and beneficial to resolving Reclamation's irrigation drainwater problem and its adverse impacts to endangered fish and waterfowl.

LOWER COLORADO INDIAN WATER MANAGEMENT

Mr. Myers. Will the Lower Colorado Indian Water Management study produce a single Tribal Water Management Plan or will individual plans be prepared for each tribe involved in the study?

Mr. Beard. Neither. The study is designed to help Indian tribes develop water management plans for their own use. This study will help tribes by providing expert assistance in the development of a plan of action or plan of study. Reclamation would provide expertise to help resolve water management issues and identify any that warrant further investigation beyond the scope of this study. The basic assumption of this study is that Indian tribes must develop water management plans for themselves using their own values.

Mr. Myers. How many tribes are involved in this study?

Mr. Beard. At this point two tribes have expressed interest in the study, the Hualapai and Havasupi, although other tribes will undoubtedly be identified in the regional scoping process with the Area Offices.

Mr. Myers. Why is Reclamation the lead agency in this effort?

Mr. Beard. Of Federal agencies the Indians have access to, Reclamation is uniquely qualified because of decades of water management and development expertise.

LOWER OWENS RIVER

Mr. Myers. In the description of the Lower Owens River, California, Environmental study you state that Federal responsibilities include environmental restoration, wetlands and migratory birds. Why is the Bureau of Reclamation responsible for those items in this particular case?

Mr. Beard. The Bureau of Reclamation is an active participant in implementing the North American Waterfowl Management Plan. The primary objective of the Plan is to restore the abundance and distribution of North America's waterfowl and the wetland habitat on which it depends. Reclamation can play an important role in attaining this objective by helping to identify ways to restore the wetland habitat along the Lower Owens River, habitat that is vital to western North America's waterfowl and other migratory birds.

Mr. Myers. Is the diversion of water from the Owens River that has caused the degradation of the river's biological resources part of a Reclamation project?

Mr. Beard. No. The diversion of water from the Owens River resulted from the construction of two aqueducts by the City of Los Angeles. The first aqueduct was built in 1913 and the second in 1972.

Mr. Myers. Are the other Federal agencies that are involved in this effort contributing funds?

Mr. Beard. We do not anticipate that funds will be contributed by any other Federal agency.

MALIBU CREEK FISHERY ENHANCEMENT STUDY

Mr. Myers. With regard to the Malibu Creek, California, Fishery Enhancement study, if Rindge Dam was constructed by private interests and is now owned by the State Parks and Recreation Department, why should the Bureau of Reclamation be involved in a study of removal of the dam?

Mr. Beard. The Bureau of Reclamation is the agency within the Department that has the appropriate technical expertise in the construction of concrete dams to identify and evaluate methods of removing Rindge Dam, the major impediment to fish access to upstream habitat. Reclamation is cooperating with the California Department of Fish and Game and local entities in studying the reestablishment of steelhead trout access to habitat in Malibu Creek and its tributaries.

NEBRASKA WATER SUPPLY ASSESSMENT STUDY

Mr. Myers. Will the Nebraska Water Supply Assessment study be limited to those areas of the state where Reclamation projects, either directly or indirectly, have contributed to groundwater quality problems?

Mr. Beard. No, the study will not be limited to areas where Reclamation projects are located. The study will primarily focus on the effects of, and potential solutions for, pesticide and nitrate contamination of rural domestic and small community water supplies. Reclamation projects provide irrigation water to over 500,000 acres within the state's four largest river basins. Assessing the effects of these projects on the quality of groundwater will be a major component of the study.

SOUTHERN CALIFORNIA COASTAL WATER SUPPLY STUDY

Mr. Myers. The description of the Southern California Coastal Water Supply study includes a statement that plans may include in-ocean storage facilities at the mouth of the rivers. Would you please tell us what an in-ocean storage facility is?

Mr. Beard. Essentially, this is a method of containment of fresh water within an ocean-water bay. Instead of flowing directly into the ocean, water from a river would flow into an area that has the capability of storing a volume of the fresh river water while keeping it segregated from the salty ocean water. Examples of this technique currently exist in Hong Kong and Singapore. The Water Replenishment District of Southern California and the City of Los Angeles are engaged in a joint preliminary investigation of opportunities for such a scheme in Southern California.

Mr. Myers. The traditional method of capturing runoff is through the construction of dams. Will this study examine the possibility of constructing new storage facilities?

Mr. Beard. The study will not examine traditional dam structures and reservoirs. Various construction materials and methods for storing the fresh river water off-shore while keeping it segregated from the salty ocean water will be investigated during the study.

SOUTHWEST COLORADO RURAL WATER SUPPLY STUDY

Mr. Myers. Would the Animas-La Plata project help alleviate the drinking water problems that will be investigated in the Southwest Colorado Rural Water Supply study?

Mr. Beard. The Animas-La Plata Project would provide a source of water for municipal and industrial use for the portion of the study area west of the Animas River including the Ute Mountain Ute Reservation and a portion of the Southern Ute Reservation. However, the Animas-La Plata would not provide the infrastructure necessary to deliver the water for use. This study would develop and evaluate alternatives for the most effective water treatment and distribution system for the delivery of the Animas-La Plata Project water to this area. Alternatives for combined Indian and Non-Indian development will be evaluated.

WASHINGTON RIVER BASIN PLANNING STUDY

Mr. Myers. The Washington River Basin Planning study will identify potential solutions to water resources problems that threaten anadromous fish stocks in tributaries to the Columbia River and in coastal streams. Are the conditions that have harmed the fish runs in the streams to be studied the result of previous actions by the Bureau of Reclamation?

Mr. Beard. The proposed study would focus on watersheds prioritized by local entities through Washington State's planning program. The State's program is locally driven and requests for Reclamation planning assistance will probably include watersheds where anadromous fish are affected by Reclamation projects.

Mr. Myers. If not, why should Reclamation be involved in these restoration efforts?

Mr. Beard. Reclamation involvement will help ensure that Federal interests and responsibilities are considered in watershed planning programs. Almost all of the anadromous fish in the State of Washington are Trust Assets of Native Americans as defined by treaties with the United States. Many of these fish are also the subject of an international treaty with Canada. Watersheds within Washington State contain other resources that are Trust Assets of Native Americans. Reclamation has a broad range of natural resource planning and specific technical expertise which it can use to help local entities prepare plans that preserve local interests while considering the challenging issues associated with protecting anadromous fish and the potential claims of Native Americans.

CENTRAL OREGON IRRIGATION SYSTEM CONSERVATION STUDY

Mr. Myers. Would the structural options that could be recommended as part of the Central Oregon Irrigation System Conservation study be constructed by the Federal government?

Mr. Beard. We do not anticipate a Federal construction program to result from studies performed as part of this investigation. We expect that action plans that result from the study will reflect local preferences and local implementation. Action plans may include requests for Federal financial assistance, but that assistance would be one part of a financial plan that also includes State, local, and private monies. Federal financing, if any, would be limited to an amount proportionate to Federal interests and responsibilities. For example, local entities might seek Federal funds to help finance water conservation to enhance instream flows and for protection of Trust Assets of the Confederated Tribes of the Warm Springs Reservation of Oregon.

PALLID STURGEON RECOVERY DECISION SUPPORT SYSTEM

Mr. Myers. Is the Corps of Engineers cooperating with you on the Pallid Sturgeon Recovery Decision Support System study in Montana and North Dakota?

Mr. Beard. The Army Corps of Engineers is not participating with Reclamation in the Pallid Sturgeon Recovery Decision Support System at this time. However in a related effort, the Corps has participated on baseline research in cooperation with State pallid sturgeon recovery programs as set forth in the Fish and Wildlife Service Recovery Plan. As Reclamation collects additional data on the pallid sturgeon and other listed species in the river basin, we will coordinate closely with the Corps and keep them apprised of the need for short-term modifications to operations for flat-water as well as riverine research activities.

Mr. Myers. Is the Corps contributing funds to this effort?

Mr. Beard. No, since the Corps is attempting to address pallid sturgeon needs in its Master Water Control Manual process, the Corps indicated that it will not provide financial support for this effort.

COLORADO RIVER WATER QUALITY IMPROVEMENT PROGRAM

Mr. Myers. In FY 1995, $1,245,000 was provided for the Colorado River Water Quality Improvement Program, the same as the budget request. Why are you only requesting $375,000 for FY 1996?

Mr. Beard. We have been able to realize about $200,000 in savings by consolidating our Denver program management into the Upper Colorado Regional Office. In addition, several major investigations were completed in FY 1995 and no longer require funding. With the completion of these planning efforts, most of the major sources of salinity in the Colorado River Basin have been identified and studied. We shifted our funding priorities away from further planning studies and toward implementation in FY 1996.

DROUGHT INVESTIGATIONS

Mr. Myers. How are the funds that were provided in FY 1995 for the Drought Investigations program being utilized?

Mr. Beard. The report titled "The Development of State and Local Drought Indices" is scheduled for completion in FY 1996. This document details the drought index proposed for use by Reclamation for the purpose of defining and quantifying drought. Within this document, the Reclamation Drought Index is calculated for three test areas. A separate report titled "Application of the Reclamation Drought Index to the State of Oklahoma" was also produced with these funds.

Mr. Myers. How will the FY 1996 funds be utilized?

Mr. Beard. An additional test area or areas will be selected for the purpose of monitoring drought where conditions warrant, assisting a State or a Reclamation office with the Reclamation Drought Index calculation as part of drought contingency planning, and testing and refining the Reclamation Drought Index.

EDWARDS AQUIFER

Mr. Myers. Please provide the Committee with a status report on the Edwards Aquifer Regional Water Resources and Management study in Texas.

Mr. Beard. A memorandum of understanding with the Texas Water Development Board for work activities through September 1997 was signed December 8, 1994. Reclamation is serving in a partnership with the Board to assist State and local entities to manage, protect and conserve the Edwards Aquifer ecosystem. Reclamation is investigating opportunities for irrigation water conservation and management, water reuse, and other management alternatives for the Edwards Aquifer to protect endangered species, instream flows and the bay-estuary ecosystem in the study area.

The major study elements and related activities to be addressed by Reclamation include: irrigation system water conservation management within the Edwards Aquifer region; participation in Trans-Texas Water Program Technical Advisory Committee meetings and process review of study participant reports; participation in meetings with Federal, state, and local agencies to identify interagency environmental problems and needs related to National Environmental Policy Act laws and executive orders, such as the National Historic Preservation Act, Endangered Species Act, and others related to water resource planning studies and management activities within the Edwards Aquifer area; and additional tasks, identified as the study progresses, related to conservation and more efficient use of existing water supplies.

In regard to irrigation system water conservation, Reclamation, in cooperation with other Federal and state participants, is currently assisting two State river authorities and the National Park Service in identifying and evaluating measures to improve the efficiency of their irrigation facilities through better water measurement methods, improved facility operation and management practices and improved on-farm cultivation practices.

Preliminary irrigation system assessments have been completed for the Guadalupe-Blanco River Authority Calhoun Canal Division, the Lower Colorado River Authority Lakeside and Gulf Coast Divisions, and the NPS's San Antonio Missions National Historic Park. Workplans are now being drafted for approval by the study participants.

ENVIRONMENTAL AND INTERAGENCY COORDINATION ACTIVITIES

Mr. Myers. The justification for the Environmental and Interagency Coordination Program states that, among other things, the funds will be used to accomplish various Administration initiatives concerning water resources planning standards. Can you be more specific about that item and provide more detail about the other activities funded under this program?

Mr. Beard. Within water resource planning, recent emphasis by the Administration and Congress on environmental issues such as water quality, hazardous waste, ecosystem management, and fish and wildlife, has required increased work internally as well as increased coordination and preliminary technical studies with other Federal agencies.

Some of the other activities which are planned for FY 1996 under this line item include: Coordination with National Weather Service related to rainfall frequency; cooperation with other agencies on reservoir and stream modeling and water quality models; Mexico Initiatives--assist in modernizing their irrigation infrastructure and management techniques; Outreach Activities--respond to inquiries regarding planning activities; Reclamation and California Environmental Impact Statement procedures; Wetlands/Riparian Program; Public Law 102-575 coordination activities; coordination with Northwest Power Planning Council on 1980 Power Act energy conservation and fish and wildlife programs; surveillance of water quality conditions at Reclamation reservoirs and in key streams of importance to planning activities; participation on Columbia River Water Management Group; participation in development of a management plan with National Marine Fisheries Service, tribes, and others for Columbia and Snake River salmon including potential and listed threatened and endangered species.

NORTH AMERICAN FREE TRADE AGREEMENT

Mr. Myers. Please tell us what you have been doing with regard to implementation of the North American Free Trade Agreement.

Mr. Beard. Issues related to growth, subsequent demands on the resources, sustainability, limited resources, and environmental impacts will remain the focus of concerns for the U.S./Mexico border area. In response to these needs, the Department of the Interior formed a U.S./Mexico Border Issues Field Coordinating Committee, chartered in August 1994. The basic purpose of the Committee is to encourage appropriate and joint involvement and coordination among the various bureaus to address border issues.

Each bureau within the Department of the Interior, except the Office of Surface Mining, has a representative on the Committee. The Committee also designated from among its various members individuals to represent and coordinate Interior's interests with several organizations. Some of these organizations are new and were formed as a result of the NAFTA supplemental agreements.

The Border Environmental Cooperation Commission is one these institutions created as a result of NAFTA. This Commission is a binational U.S./Mexico organization whose purpose is to facilitate and certify environmental infrastructure development along the border. Reclamation is also providing the Department's coordinator to the Commission. Criteria and guidelines, in Spanish and English, for project evaluation are being jointly prepared and will be submitted to the Commission for its consideration and use. Target completion date is late March 1995.

FISH AND WILDLIFE HABITAT PRESERVATION AND ENHANCEMENT PROGRAM

Mr. Myers. Will your role in the Fish and Wildlife Habitat Preservation and Enhancement Program be limited to restoration and enhancement opportunities associated with Reclamation projects?

Mr. Beard. Yes. Reclamation's role would be limited to preservation and enhancement activities at storage reservoirs and on lands associated with Reclamation's projects. In fiscal year 1996 the project to be financed under this line item is the Boise Project in southwestern Idaho.

GENERAL PLANNING STUDIES

Mr. Myers. Under General Planning Studies, you propose to undertake a new Study of Project Impacts. What is the purpose of that study?

Mr. Beard. The Bureau of Reclamation has done many studies of proposed construction projects, but has not systematically attempted to follow-up with an evaluation of actual project impacts.

The purpose of this study of existing Reclamation projects is to find out what worked or didn't work and how to apply these lessons to future Reclamation decisions on project operations, new missions and potential asset transfers. We believe the results of this study will be very important both to Reclamation and to State and local water managers.File Name:

Mr. Myers. Since the Bureau of Reclamation is no longer in the water resources development business, why do you still need to issue technical guidelines for conducting the technical phases of resources planning?

Mr. Beard. Technical guidelines are being developed for economic, environmental, and social analyses of potential changes in the operation of existing projects. Changes in operation would lead to improved water conservation, increased recreation benefits and environmental restoration.

Mr. Myers. Please give us some examples of the special studies requested by other resource agencies that you are participating in.

Mr. Beard. I will be glad to provide a list for the record.

[Information for the Record:]

JOINT PARTICIPATION IN STUDIES

Rio Grande Border Issues - The Department of the Interior formed a U.S/Mexico Border Issues Field Coordinating Committee in 1994. The basic purpose of the Committee is to encourage appropriate and joint involvement/coordination among the various bureaus to address border issues related to growth, subsequent demands on the resources, sustainability, limited resources, and environmental impacts.

Lower Neches Valley Authority, Nevada - Conservation of water through better management and improved efficiency of use is the goal of this study. Reclamation will conduct scoping sessions with the study participants and provide a preliminary evaluation of the system.

Sacramento Watershed Management Plan - The Sacramento Metropolitan Water Authority, SMWA, met with Reclamation in June 1994 to request that Reclamation participate in SMWA's development of a Sacramento Watershed Management Plan.

Upper Animas River Water Quality Monitoring - Participation with the Colorado Department of Health and other entities to quantify sources of metals contamination in the Upper Animas basin and determine the potential for resource restoration.

Intermountain West Joint Venture - Under the umbrella of the North American Waterfowl Management Plan, Reclamation is participating in a major cooperative effort among states, environmental groups, and the Federal Government to protect and enhance wetland habitats and species in eleven western states.

Rio Grande Bosque Conservation Study - A cooperative effort of the Army Corps of Engineers, the Fish and Wildlife Service, the University of New Mexico, and the Bureau of Reclamation to formulate a short and long-term

comprehensive biological management plan for the Middle Rio Grande Bosque ecosystem between Cochiti Dam and San Marcial, New Mexico.

Florida Mesa Ground Water Study - Reclamation will work with personnel from La Plata County and the State of Colorado in formulating a plan to study the ground water conditions under the Florida Mesa located east of Durango, Colorado.

Rio Chama Flows Work Group - Participate with the Bureau of Land Management, the Army Corps of Engineers, other Federal and non-federal agencies, and the City of Albuquerque in managing Rio Chama River flows to serve multiple purposes, including river rafting and protection of the trout fishery below Middle Rio Grande Conservancy District's El Vado Dam. The Chama River conveys Reclamation's San Juan-Chama Project water.

Malibu Creek - State of California Fish and Game - Provided an appraisal evaluation for removing Rindge Dam to allow fish access to historic spawning grounds.

Havasupai Tribe - Planning design and cost estimates for a water supply system on the reservation for a new development.

Hualapai Tribe - Assist the tribe with water management guidance for a water resources assessment on the reservation.

West Maricopa County Water Resource Plan - Arizona Department of Water Resources Provide technical assistance in support of a dependable and safe water supply for the orderly, sustainable, cost-effective economic development of western Maricopa County.

Mr. Myers. For General Planning Studies how much is requested for each of the categories of work listed in the justification material?

Mr. Beard. I will be glad to provide that information for the record.

[Information for the Record:]

GENERAL PLANNING STUDIES

Review and development of planning program policies	$ 100,000
Preparation, revision, and issuance of technical guidelines for conducting the technical phases of resources planning	$ 535,000
Participation in special studies requested by other natural resource agencies and management overview of these activities	$ 688,000
Review and preparation of plans of study and cost-sharing agreements on proposed investigations	$ 712,000
Study of Project Impacts	$ 400,000

INVESTIGATION OF EXISTING PROJECTS

Mr. Myers. Please give some examples of the work being accomplished under the Investigation of Existing Projects program.

Mr. Babbitt. Examples of work being accomplished in fiscal year 1995 under the Investigation of Existing Projects program are: the Southern Nevada Water Alternatives, Yuma Desalting Plant, alternative uses, baseline Water Quality Monitoring, Central Valley Project, Electrical Energy Conservation Program, Central Valley Project, Water Conservation Program, Central Valley Project, and drain water reclamation.

MINOR WORK IN CONNECTION WITH COMPLETED PROJECTS

Mr. Myers. What work is being accomplished in FY 1995 under the Minor Work in Connection with Completed Projects program?

Mr. Beard. Examples of work being accomplished in FY 1995 under the Minor Work in Connection with Completed Projects program are: completion of the Black Hills and/or Rincon Bayou reports, completion of miscellaneous study activities such as the Sevier River Water Management Study report, and submission of various reports to State and other Federal agencies for review.

MISSOURI RIVER BASIN TRIBES

Mr. Myers. What tribes are being assisted under the Missouri River Basin Tribes in North and South Dakota program?

Mr. Beard. The tribes being assisted are all those located on reservations within the Missouri River basin in North and South Dakota and includes the Fort Berthold Indian Reservation, Standing Rock Indian Reservation, Cheyenne Indian Reservation, Crow Creek Indian Reservation, Lower Brule Indian Reservation, Rosebud Indian Reservation, Pine Ridge Indian Reservation and Yankton Indian Reservation. We are currently working with the Standing Rock Sioux Tribe on water management studies of the Cannonball River and the Grand River basins. We intend to work with the Rosebud Sioux Tribe in FY96 to initiate a water management study of the Little White River basin.

Mr. Myers. Please explain the increase in the scope of work that has caused the total estimated cost of this effort to increase by $200,000.

Mr. Beard. The scope of work associated with the Missouri River Basin Tribes Water Management Study has not changed since the study was originally authorized. However, the costs associated with taking an integrated basin-wide approach on water management studies was under estimated at the time the study proposal was originally developed. The issues associated with the interrelationships between water resources and basinwide economy, environment, society and culture are very complex, particularly in the context of addressing on- and off-reservation interests. The need to integrate these interests, while identifying and documenting basinwide water resource problems, needs and opportunities, has resulted in study costs greater than originally anticipated. A significant portion of the basinwide water management studies are being accomplished by the Tribes through Cooperative Agreements with Reclamation in accordance with the Indian Self-Determination and Education Assistance Act, as amended P.L. 93-638. The Indian Self-Determination and Education Assistance Act introduced study cost components, such as Tribal administrative costs, that also were not anticipated when the study proposal was originally developed.

OREGON STREAM RESTORATION/OREGON SUBBASIN CONSERVATION STUDIES

Mr. Myers. Please describe the activities you have conducted thus far as part of the Oregon Stream Restoration and Oregon Subbasin Conservation planning studies.

Mr. Beard. Both the Oregon Stream Restoration and Oregon Subbasin Conservation planning studies are: providing technical assistance to locally controlled and funded watershed improvement programs, and reducing conflict between the agricultural and environmental communities. The Oregon Stream Restoration study has focused on cooperative interagency efforts with the State of Oregon, other Federal agencies, Native American tribes, and local watershed councils. Reclamation has helped fund local staff, prepare action plans, and provide engineering, hydrology and other assistance. By October 1995, the effort will have resulted in about $7 million of implemented watershed projects to improve salmon habitat, more than 95 percent of which was paid by non-Federal sources.

The Oregon Subbasin Conservation study has developed hydrologic models for the Bear Creek, Rogue River and Deschutes basins that are being used by locals and interagency groups to evaluate conservation opportunities aimed at restoring stream flows. Similar efforts are underway in the Malheur and Wallowa basins. Four districts have been assisted in the development of efficiency block programs that help them better manage their water. The study has assisted Deschutes basin districts in the development of a prototype subbasin plan designed to restore streamflows designed to be used as a model for basins in the rest of the State.

TECHNICAL ASSISTANCE TO STATES PROGRAM

Mr. Myers. How much did you expend in FY 1994 and do you expect to expend in FY 1995 under the Technical Assistance to States program?

Mr. Babbitt. In FY 1994, Reclamation allotted $1,346,000 and expended approximately $1,234,000 under the Technical Assistance to States program. In FY 1995, Reclamation allotted $1,866,000 and anticipates expending approximately $1,754,000 of this amount for this program.

UPPER DESCHUTES RIVER BASIN PROJECT

Mr. Myers. Please provide us with some examples of the demonstration projects being conducted under the Upper Deschutes River Basin project.

Mr. Beard. Reclamation conducted several demonstration projects of canal lining technologies to deal with geologic conditions fairly unique to central Oregon. The results of this research effort have been published in two reports. Reclamation also assisted in planning two gravity pressure demonstrations that were locally funded. Local water users are now considering a number of additional demonstration projects for which

Reclamation would provide planning assistance. The purpose of these projects is to demonstrate: that technologies can save water and legal mechanisms for allocating a portion of the saved water for new, beneficial uses. Ideas for the new demonstrations include testing additional canal lining methods, more gravity pressure pipelines, irrigation system operating improvements such as automation, and moving points of diversion to keep water in stream over a longer reach of the river.

APPROPRIATION AUTHORIZATION CEILINGS

Mr. Myers. You state that all construction activities for FY 1996 can be performed under current authorizations with exception of the Central Valley Project, Trinity River Division, and the Colorado River Basin Salinity Control Project. Please explain the need for authorization for those projects and the status of the authorization.

Mr. Beard. Reauthorization is required for the Central Valley Project, Trinity River Division because the Trinity River Basin Restoration Program established by Public Law 98-541, only authorized appropriations until October 1, 1995. There is a need for additional funding in order to complete necessary restoration activities. A legislative proposal to reauthorize the Trinity River Basin Restoration Program is currently under review within the Administration. The proposal will be forwarded to Congress as soon as the review is complete.

Salinity work identified in the Title II New Format proposal is not part of the original Colorado River Basin, Title II Division authorization, therefore, additional legislation will be required to implement the new format and to provide new appropriation ceiling. The new format proposal addresses salinity control on a basin-wide level and implementation of the most cost-effective controls possible. Reclamation testified in favor of legislation introduced in the 103rd Congress which would allow the Secretary of the Interior to implement a variety of cost-effective salinity control methods and increases the appropriation ceiling.

The work proposed in FY 1996, for the Grand Valley, Lower Gunnison Basin and Paradox Valley units can be performed within the appropriation ceiling authorized by Title II of the Colorado River Basin Salinity Control Project under Public Law 93-320.

Mr. Myers. You further state that six other projects would require legislation to increase appropriation ceilings before they could be completed as authorized. Can the work proposed for FY 1996 for those projects be accomplished within the authorized appropriation ceilings?

Mr. Beard. Yes, the work proposed for FY 1996 for these six projects will be accomplished within the authorized appropriation ceiling. It is our policy not to award construction contracts unless we are certain that sufficient appropriation ceiling is available to cover the commitments contained in these contracts.

CENTRAL ARIZONA PROJECT

Mr. Myers. Please provide the Committee with a status report on your effort to provide a reliable source of Central Arizona Project water to Southern Arizona.

Mr. Beard. Reclamation is proceeding with the draft Environmental Impact Statement which is expected to be ready for public comment in April 1995. This is a delay of approximately one month over the date identified in the fiscal year 1996 Budget Justification documents due to a delay in receipt of the Endangered Species Act Section 7 draft Biological Opinion from the U.S. Fish and Wildlife Service. This draft Biological Opinion on the endangered pineapple cactus has resulted in the need for Reclamation to supplement the text of the draft Environmental Impact Statement. The Budget Justification documents also indicated that the final Environmental Impact Statement was scheduled for completion in March 1996. However, in support of the policy indicated by Secretary Babbitt in recent correspondence with City of Tucson Mayor George Miller, Reclamation is now accelerating activities within our jurisdiction so that a final Environmental Impact Statement with a Record of Decision would be possible by November 1995. Geologic exploration to determine foundation characteristics of the probable site locations continues. Denver designers will reach a preliminary decision on optimal site location this Spring. It appears likely that the optimal site includes land located on the Pascua Yaqui Reservation. In this case, the Pascua Yaqui have expressed a desire to enter into a land exchange between Reclamation, the State and the Tribe that would benefit all parties. Pima County and the Pascua Yaqui have expressed interest in working with Reclamation to discuss cost sharing recreational development.

Mr. Myers. In fiscal year 1995, an additional $4,000,000 was provided for additional design work and land acquisition for Central Arizona Project system reliability for southern Arizona. How are those funds being utilized?

Mr. Beard. Although Reclamation received an additional $4 million for the Central Arizona Project's system reliability, this funding is not required to complete the work activities scheduled for this feature in fiscal year 1995. These funds were applied by Reclamation as part of the underfinancing reduction of $-38,750,000 in the Construction Program.

Mr. Myers. For the Central Arizona Project, you state that construction contracts of about $25,000,000 could be delayed if ongoing negotiations on master repayment contract issues are not concluded in a manner acceptable to the Secretary. Would you please explain the issues involved in those negotiations and why work would be delayed if they are not completed in a manner acceptable to the Secretary?

Mr. Beard. There are a number of issues which are being addressed in the Central Arizona Project negotiations, including, but not limited to, payment of project Operation and Maintenance costs as well as repayment of capital costs by the Central Arizona Water Conservation District. The key issue that has caused Reclamation to consider delay of construction contracts is related to the amount of capital costs that the Central Arizona Water Conservation District is obligated to pay under the Master Repayment Contract. The District has maintained that its repayment obligation is limited to

$1.8 billion, while Reclamation has maintained that the obligation is at least $2 billion and possibly higher. With the repayment amount in dispute and existing expenditures already exceeding the amounts that the District has indicated as its repayment limitation, it would be inappropriate for Reclamation to continue expenditure of Federal monies on the reimbursable portions of the project if this issue is not resolved to the satisfaction of the Secretary. To do so without a clear means to ensure repayment would jeopardize our ability to comply with the reimbursement requirements of Reclamation law.

The work items that would be delayed, if negotiations were to fail, are those items subject to repayment by the District. However, I am pleased to report that the Department's negotiation team appears to be having success in developing a financial restructuring proposal with the Central Arizona Water Conservation District that would resolve the issues. The proposal is still preliminary and under review within the Department and the Administration, but provides reason to suggest that it is likely that delay in the construction awards will not be necessary.

Mr. Myers. What work would be delayed?

Mr. Beard. Assuming the repayment issues are not resolved, construction deficiency and completion activities on the aqueduct system would be delayed until the repayment contract disputes are settled. The work to be delayed would include the Agua Fria Siphon Replacement, Centennial Siphon Liner, Havasu Pumping Plant Impellers, Fannin-McFarland Reach 4 Drainage Protection, Tucson Aqueduct Cathodic Protection Phase II, Miscellaneous Small Items, and Permanent Operating Equipment.

Mr. Myers. When will the decision be made on whether or not to delay the work?

Mr. Beard. Decisions to delay work would begin to occur in March 1995, immediately before construction specifications for these activities are scheduled for issuance.

Mr. Myers. Please provide the Committee with a status report on the repair and replacement of Central Arizona Project siphons.

Mr. Beard. Of the 21 siphon repair contracts, ten were completed prior to fiscal year 1995; and four will be completed in fiscal year 1995, including the Salt and New River Siphon repairs, and the Salt River and Agua Fria Cable contracts. Two more are scheduled for award this summer pending resolution of the repayment issues: the Agua Fria Siphon repair and Centennial Siphon steel liner. The remaining five contracts are scheduled for award after fiscal year 1996.

Mr. Myers. When will the work be completed and how much will it cost?

Mr. Beard. All siphon repair contracts are currently scheduled to be completed by fiscal year 2000. The total cost of the repair program is estimated at $113.7 million.

Mr. Myers. In FY 1995, an additional $3,500,000 was provided under the Central Arizona Project for planning, design and construction of the Gila River Indian Community's distribution and delivery system. What is the status of that work?

Mr. Beard. Construction under Public Law 92-638, for Sacaton Ranch South is scheduled to begin this fiscal year. Reclamation and the Gila River Indian Community are working to complete an Environmental Assessment for Blackwater Lateral. Preconstruction and design activities are underway to meet the scheduled October 1995 award date. The current approved schedule anticipated a final site-specific Environmental Impact Statement for the Pima Canal, Phase 1, by October 1996 and the Programmatic, Master Environmental Impact Statement by December 1996. The Community has requested that Reclamation concurrently accomplish the Programmatic Environmental Impact Statement, the Pima Canal Environmental Impact Statement, and the Blackwater Lateral Environmental Assessment and accelerate the schedule to allow construction on the Pima Canal to begin in the summer of 1996.

To assist with scheduled acceleration, the Community has waived its right to review the documents. The accelerated Programmatic Environmental Impact Statement proposed schedule is to provide a draft Environmental Impact Statement for public comment by late summer 1995; the final Environmental Impact Statement filed by May 1996; and a Record of Decision by June 1996. A Master Repayment and Operation and Maintenance contract must also be executed prior to award of a contract according to the Indian Self-Determination Act, Public Law 92-638, for construction of the Gila River Indian Community water delivery system. The contract and basis for negotiation is currently being developed. If the accelerated schedule is met, funds provided in fiscal year 1996 would be used to initiate construction on the Pima Canal in lieu of the Blackwater Lateral.

A cooperative agreement with the Community is underway which actively involves the Community in the cultural survey decision-making process for designing research goals and for cultural resources management. The cultural resources program has been ongoing for 1-1/2 years and has a staff of 17, including nine tribal members who have been trained in field and laboratory methods. To date, between the Community staff and a Reclamation contractor, about 17,000 acres have been surveyed and another 22,000 are scheduled for survey in 1995. Over 300 archaeological sites have been recorded. The Community is very interested in taking an active role in protecting and managing the vast number of cultural resource sites on its land. The goals are to complete the majority of the surveys by 1998, to prepare a project-wide cultural resources mitigation plan, and to develop a viable, self-sufficient cultural resource program within the Community.

HOOVER DAM VISITOR CENTER

Mr. Myers. What is the status on construction of the Hoover Dam Visitor Center?

Mr. Beard. Both improved parking and visitor facilities are being constructed at Hoover Dam to eliminate extremely hazardous conditions which exist due to (1) the high volume of vehicular traffic crossing the top of the dam via U.S. 93, and (2) the large number of pedestrians on the dam itself due to the location of existing visitor facilities. Construction will be substantially complete in June 1995 as recommended by the office of the Inspector General. The remaining contract work consists of fabrication and installation of exhibits, a 35mm film, and audio visual equipment at the visitor center. A reprogramming letter is being initiated for $3.2 million for award of the remaining contracts and $800,000 for resolution of a claim for Equitable Adjustment against the Government for $23.2 million. Reclamation plans to award the contracts for the remaining work soon, with work estimated to be complete within one year of contract award. In the interim, temporary exhibits will be provided for the visitors in select areas of the visitor center.

Mr. Myers. Are funds included in the FY 1996 budget request for this project.

Mr. Beard. There are no funds included in the FY 1996 budget request for the Hoover Dam Visitor Center.

AUBURN-FOLSOM SOUTH UNIT

Mr. Myers. When will the feasibility report on multipurpose alternative sources of water and power development in the American River basin, which is being conducted under the Auburn-Folsom South Unit of the Central Valley Project, be completed?

Mr. Beard. The scheduled completion date for the feasibility report is April 1996.

FY 1995 CONGRESSIONAL WRITE-INS

Mr. Myers. In FY 1995, additional funds were provided for the Delta Division, the Sacramento River Division, the San Luis Unit, and Miscellaneous Project Programs of the Central Valley Project in California. Are you utilizing those funds to carry out the projects and programs specified in the reports accompanying the FY 1995 Energy and Water Development Appropriations Act? Please provide a brief status report for each of those projects.

Mr. Beard. The additional funds provided in FY 1995 are being used for carrying out the projects and programs specified in the reports. I am providing a breakdown for the record, by Division, of the status of each project or program.

[Information for the Record]

Delta Division, CVP

Georgiana Slough, $350,000 - Reclamation is finalizing necessary documentation for forwarding funding to the State of California, Department of Water Resources. Originally, this program was administered by the San Luis and Delta Mendota Water Authority. Effective in late 1994, the State became the administrator of the program. Federal funds are being used to develop and test the viability of an acoustic sound barrier installed at Georgiana Slough to determine if such a barrier will aid in reducing incidental mortality of chinook salmon by deterring them from entering the Central Delta, and subsequently the Tracy Pumping Facility.

Bay-Delta Oversight, $400,000 - On December 15, 1994, an accord known as the "Principles for Agreement on Bay/Delta Standards between the State of California and the Federal Government" was broadly supported and endorsed by the agricultural, urban, environmental, and business communities. A joint effort by all agencies has resulted in the selection of a Program Manager for the long-term solution finding process. The manager will be assisted by a Federally Chartered Committee of Citizens Advisors.

South Delta Barriers, $500,000 - Funding provided is being used for participation with the State of California Department of Water Resources in the preparation of a joint Draft Environmental Impact Statement/Environmental Impact Report scheduled to be released in August 1995.

Sacramento River Division, CVP

Sacramento River Information Center, $400,000 - The Sacramento River Discovery Center will be at Red Bluff Recreation Area, managed by Mendocino National Forest, a 480-acre site on the northeast shore of Lake Red Bluff upstream from Red Bluff Diversion Dam. Grants have been awarded to Evergreen Union School District, Tehama County Department of Education, to develop and install an interpretive program, manage the program for five years, and develop a long-term plan. Long-term plan objectives and major themes have been identified. Awareness among agencies and organizations to utilize the Center for educational purposes, and for implementation of programs has met with terrific success.

Demonstration Research Pumping Facility, $400,000 - The construction of the Demonstration Research Pumping Facility is almost complete. As a result, we are gearing up for the evaluation of the facility. The Fish and Wildlife Service will be conducting in river studies and we will be completing facilities required to support the biological tests of the efficiency of the Facility, engineering and biological evaluations, and program management.

Fish Passage Program, $495,000 - Efforts are continuing to resolve the long-term problem of fish passage at Red Bluff Diversion Dam. Efforts include work on the by-pass concept promoted by compilation of appropriate hydrological data, public involvement programs, project management, and the resolution of water delivery problems caused by the interim operational procedures mandated by the National Marine Fisheries Service while the search for a permanent solution proceeds.

Glenn-Colusa Irrigation District, $1,500,000 - The Federal, State, and local agencies have produced an administrative draft of the feasibility report and the joint State/Federal Environmental Impact Report/Environmental Impact Statement that currently is being reviewed by the participating agencies for compliance with State and Federal laws and regulation. We expect the public review period to begin in June, the recommended alternative selected afterward, and the planning phase to be completed in fiscal year 1995. During fiscal year 1995 an intense design phase will be initiated. Designers are developing the top five alternatives that came out of the planning study so that they can be analyzed in more detail and a recommended plan selected.

Captive Broodstock Program, $400,000 - The goal of the captive breeding program is to rear winter-run chinook salmon under controlled conditions until they become reproductively mature adults. By providing funding to help maintain the program, it is our hope to have reports and findings available during FY 1995 to help us determine whether funding in this arena should be continued.

San Luis Unit, CVP

Arroyo Pasajero, $576,000 - Additional FY 1995 funds were provided to the San Luis Unit for the continuation of land acquisition activities. These funds have been used for appraisal costs of valuing the acreage involved in an ongoing lawsuit and associated labor costs. Settlement of the lawsuit, Anderson Farms 1 vs. United States, has been reached; however, to date the official notification from Department of Justice has not been received. Funds also will be utilized after the United States has title to this property in order to accomplish additional administrative land acquisition activities, such as processing of licenses and easements.

Miscellaneous Project Programs, CVP

Unscreened Diversions, $4,000,000 - Funds for feasibility and engineering studies for positive barrier fish screens will be provided to Princeton-Cordura-Glenn Irrigation District, Provident Irrigation District, Phelan-Parrott Irrigation Systems, Patterson Water District, Banta Carbona Irrigation District, and Sutter Mutual Water District. In addition, funding will be provided to Maxwell Irrigation District and Pelger Mutual Water Company for actual screen construction projects. Funding will be provided to the Suisun Resource Conservation District to inventory candidate fish screen sites. Discussions are being held with the Western Canal Water District to discuss their involvement in the program.

Reclamation District 108, $450,000 - The District is considering limiting the experiment to an electrical barrier project combined with a louvered flow facility to optimize performance of the barrier. Funding provided will cover approximately 50 percent of the anticipated costs.

Reclamation District 1004, $215,000 - The District will be provided funding for the acoustical barrier research project.

Screening Research, $985,000 - Full model tests at our Laboratory in Denver indicate promise for an experimental screen design which will be cost-competitive with other screen designs currently available. This experimental design could resolve a number of problems typically associated with conventional screens. Further field testing of a prototype screen in accordance with a rigid evaluation and monitoring program to be developed jointly by involved fishery agencies will be funded.

Salmon Stamp Program, $100,000 - The Salmon Stamp Committee is utilizing existing technical review protocol and authority to select projects for funding. We are entering into an agreement with the State of California Department of Fish and Game to administer and fund selected projects.

Coho Salmon Program, $150,000 - We have recruited the assistance of the Fish, Farm, and Forest Communities Forum to assist with the identification of

Coho Salmon restoration projects and will be entering into an agreement for the Forum to administer and manage dedicated funding.

Spring Run Chinook Salmon Program, $300,000 - We have recruited the assistance of the Spring Run Chinook Salmon Work Group to assist in the development of criteria for proposals. We will be entering into an agreement with the National Fish and Wildlife Foundation for the administration and management of projects.

SHASTA TEMPERATURE CONTROL DEVICE

Mr. Myers. The budget request indicates that $31,830,000 is required in FY 1995 to continue construction of the Shasta Dam, California, Temperature Control Device. Of that total, $20,000,000 is to be the State of California's contribution to the project. You state that you must receive a commitment from the State to provide those funds by March 31 of this year. Have you received that commitment and, if not, do you expect to receive it?

Mr. Beard. To date, we have not received a commitment from the State of California to contribute these funds in FY 1996 for construction of the Temperature Control Device at Shasta Dam. However, based upon the requirements of Public Law 102-575 and cooperative efforts with the State so far, it is our expectation that this funding will be made available.

Mr. Myers. What happens if you do not receive the commitment by March 31st?

Mr. Beard. If a commitment is not received by the end of March, Reclamation's budget request will need to be adjusted within the totals provided by the President's request for FY 1996.

TRINITY RIVER RESTORATION

Mr. Myers. Can any of the funds requested for the Trinity River Restoration, California, project be expended if the project authorization is not extended?

Mr. Beard. No, the requested funds cannot be expended if the authorization is not extended since Public Law 98-541, which established the Trinity River Basin Restoration Program only authorized appropriations until October 1, 1995.

COLORADO RIVER SALINITY CONTROL

Mr. Myers. The budget request includes a proposal to redefine the Federal role in the Colorado River Basin Salinity Control Project. You indicate that the new format for the Colorado River Basin Salinity Control Project that is proposed in the budget will require authorization. When will that legislation be introduced?

Mr. Beard. A legislative proposal to authorize the Title II New Format is under development. In addition, H.R. 930 was introduced in the House on February 14th by Mr. Hansen to authorize the basin-wide program. We understand that Mr. Bennett is working with the Colorado River Basin Salinity Control Forum to introduce a companion bill in the Senate.

Mr. Myers. Can you tell us at this point what the new format will be?

Mr. Beard. The Inspector General found that the unit-by-unit authorizations provided to Reclamation in the past limit the options available to implement the most cost-effective alternatives. The goal of the new program is to encourage innovation, competition, and local participation. Reclamation will rank and fund the most cost-effective salinity control alternatives.

Mr. Myers. Do you plan to complete work that is underway under the currently authorized program?

Mr. Beard. Yes, funds have been requested to complete ongoing contracts within the existing appropriation ceiling. Authorized work that is not underway will be eligible to compete for funds under the new format program.

COLUMBIA/SNAKE RIVER SALMON RECOVERY PROJECT

Mr. Myers. Last year, the total Federal cost of the Columbia and Snake Rivers Salmon Recovery Project was about $31,000,000. This year the total cost is shown as about $64,000,000. Please explain the increase.

Mr. Beard. The Bureau of Reclamation's costs increased from $31 million to $64 million due to a significant increase in the funds needed to acquire water from willing sellers to comply with the National Marine Fisheries Service Biological Opinion issued in March 2, 1995, which calls on Reclamation to provide 427,000 acre-feet each year to enhance Snake and Columbia River flows for salmon. The water is required as a reasonable and prudent measure in order to avoid jeopardizing the listed salmon.

Mr. Myers. Of the $15,000,000 requested for this program, the largest single item is $10,132,000 for water acquisition. Would you please provide a more detailed explanation of that activity?

Mr. Beard. The National Marine Fisheries Service biological opinion provides that Reclamation will acquire water only from willing sellers and will abide by provisions of state water law in acquiring and delivering the specified 427,000 acre-feet. Reclamation needs to permanently acquire reservoir space and natural flow rights to firm up its ability to provide 427,000 acre-feet of water in poor water years, when additional flows are most needed by the listed salmon. Individuals and irrigation companies have contacted Reclamation and expressed an interest in selling or renting water for flow augmentation. Reclamation retains some space in project reservoirs that has never been sold, and will use that space to provide part of the flow augmentation water. It may also rely on annual rentals of water from willing sellers.

ENDANGERED SPECIES PROJECTS

Mr. Myers. The budget request includes three separate endangered species recovery projects. Are these projects voluntary or are they required as a result of consultations with the various resource agencies under the Endangered Species

Act?

Mr. Beard. Both, depending on the area. Two of the projects are located within the Colorado River Basin. Reclamation will perform both voluntary actions associated with conservation and recovery pursuant to Section 7(a)(1) of the Endangered Species Act, and actions which are consultation-driven pursuant to Section 7(a)(2) of the Act. For example, as a result of the recent designation of critical habitat for four listed fish in the Colorado River Basin, Reclamation is undertaking Section 7 consultations pursuant to the Endangered Species Act regarding dam and river operations. This designation will affect not only Reclamation's proposed rules and regulations for administering water entitlements but also operations in the lower basin. The funding request will also permit Reclamation to continue its endangered fish preservation and recovery efforts, along with ongoing wetland and riparian habitat restoration programs for the benefit of listed and candidate species. Failure to deal with endangered fish preservation and other endangered species could result in mandatory recovery programs.

Also, in the Pacific Northwest, Reclamation is a principal operator of Federal water projects. We are designated as a cooperative participant in recovery measures to minimize the potential effects of Reclamation actions upon listed or candidate species, and to reduce the potential for more stringent requirements required of Reclamation projects as a result of formal consultation.

NATIONAL FISH AND WILDLIFE FOUNDATION

Mr. Myers. For FY 1996 you propose a new program of fish and wildlife enhancement with the National Fish and Wildlife Foundation. What is your authority to provide funds to the National Fish and Wildlife Foundation?

Mr. Beard. The Bureau of Reclamation has authority under the Fish and Wildlife Coordination Act to expend funds on fish and wildlife activities. This program will enable us to leverage Federal dollars to achieve the goals stated in the Act.

Mr. Myers. You state that no Federal funds will be expended without firm cost sharing commitments from non-Federal parties. Does that mean that you will not transfer the funds to the National Fish and Wildlife Foundation until cost sharing commitments are received?

Mr. Beard. We intend to execute a promise to the Foundation to match, on a "dollar for dollar" basis, money raised by the Foundation from non-Federal sources, subject, of course, to any limit in the amount appropriated therefor. This promise should enable the Foundation to approach potential contributors for donations, knowing the donations will be matched by Reclamation. This is the way 'matches' are provided by the large contributors in a fundraising campaign in the private sector. Once the Foundation certifies to us they have sufficient non-Federal donations to fund the requisite portion of a mutually-agreed to project, then Reclamation will provide the federal funds to the Foundation through a grant or cooperative agreement, as appropriate, and as agreed to by the Foundation and the Bureau of Reclamation.

Mr. Myers. What is the total estimated cost of this program and how long will it last?

Mr. Beard. This is a new initiative, and at this time we have no expiration set. As with any new effort, we will discuss the efficacy of the program to determine whether or not to continue funding. The first year commitment requested is $3,255,000. Because of the need to review the program once it is underway, no total estimated cost is available.

Mr. Myers. Why is the proposed bill language regarding this program needed?

Mr. Beard. The language to leverage the funds requested ensures that all Federal funds will be matched, at a minimum, on a one for one dollar basis.

WATER CONSERVATION CHALLENGE PARTNERSHIPS PROGRAM

Mr. Myers. What is your authority to undertake the Water Conservation Challenge Partnerships program?

Mr. Babbitt. Reclamation's authority to undertake the Water Conservation Challenge Partnerships program is the Reclamation Act of 1902, June 17, 1902, as amended and supplemented; Public Law 98-242, the Water Resources Research Act of 1984.

Mr. Myers. Will the program be managed as a grant program?

Mr. Beard. Yes, this program will be managed as a grant requiring matching funds.

INITIATE SAFETY OF DAMS CORRECTIVE ACTION

Mr. Myers. The budget request for the Initiate Safety of Dams Corrective Action program is almost four times greater than the FY 1995 allotment, which is about $8,000,000 less than the FY 1995 conference amount. Please justify this large increase.

Mr. Beard. For FY 1995, Reclamation requested $18,136,000 for ISCA, which was the amount approved by Conference action. After FY 1995 was underway, separate line items were established for the new starts for safety of dams modifications at Ochoco Dam in Oregon and Bumping Lake Dam in Washington. From the Initiate Safety of Dams Corrective Action conference allotment; $3,625,000 were used to establish the Ochoco Dam line item and $2,621,000 were used to establish the Bumping Lake Dam line item. These now show up as separate lines in the FY 1996 Budget Justifications and were not previously shown in FY 1995. The initial allotment was further reduced by $2,100,000 in underfinancing, making the total reduction from the initial allotment $8,346,000. Therefore, the FY 1996 budget request of $38,175,000 is actually about two times the FY 1995 conference amount.

The FY 1996 request will fund various activities on up to 33 dams as listed in the Budget Justifications. However, the primary reason for the increase is to start major modifications on Twin Buttes Dam, San Angelo Project, in Texas. The total project cost is estimated at about $60,000,000. Serious deficiencies exist at Twin Buttes Dam that place approximately 40,000 people in and around San Angelo, Texas at risk. Reclamation considers public safety related to our facilities a high priority and makes every attempt to responsively correct deficiencies in an efficient and effective manner. Interim risk reduction measures, such as reservoir restrictions, which often cause a loss of project benefits, are utilized until permanent corrective actions can be implemented.

LOAN PROGRAM

Mr. Myers. Is reclamation committed to completing the projects under the Loan program for which funds have been requested in FY 1996?

Mr. Beard. Yes, funding of the projects in FY 1996 reflects my commitment to complete those projects that had completed or essentially completed the loan application process at the applicants expense in compliance with Reclamations existing Small Reclamation Projects Act policy guidelines.

Mr. Myers. Are there additional projects which have been approved by the Secretary under the existing program that Reclamation is committed to completing pending the availability of funds?

Mr. Beard. The sponsors of three additional projects have been told that their Loan Application Reports will be submitted to the Secretary upon completion.

Mr. Myers. Please describe the new loan program which you propose to implement.

Mr. Beard. The new format for the Small Loan Program is under the final stages of review within the Administration. Our general thrust was to encourage inclusion of features which would provide public benefits such as fish and wildlife protection, water conservation, and public benefits.

Mr. Myers. Will this new program require authorization?

Mr. Beard. We do not know at this point whether the new program would require us to seek new authorization.

Mr. Myers. How will the funds requested in FY 1996 for the new program be utilized?

Mr. Beard. Funds for the new format will be used to fund grants of up to $1.5 million per project for water, energy, and environmental conservation projects.

GENERAL ADMINISTRATIVE EXPENSES

Mr. Myers. We are pleased to see that your management restructuring has resulted in a budget request for General Administrative Expenses that is below the current year level. Can we expect further reductions in the future?

Mr. Beard. I will continue to look for ways to reduce the funding requirements for all my programs, which of course includes the General Administrative Expenses. When all the changes are final and the full impact is realized, a further reduction on the requested GAE funding should be possible.

Mr. Myers. For fiscal year 1996, you have proposed that all funds appropriated under the General Administrative Expenses account remain available until expended. Would you please explain the reason for that proposal?

Mr. Beard. When a program is funded by an annual appropriation, it forces management decisions for short term results, rather than allowing the manager to make decisions which will produce the greatest long term savings. A manager may be required to purchase equipment which is readily available but only partially fulfills the mission requirements.

Since many requirements are levied well into the fiscal year, managers cannot plan an orderly process of accomplishment. Instead, plans have to be made and actions initiated to ensure resources are committed and expended prior to fiscal year end. If managers were free to utilize funds in the following fiscal year, they could be augmented by new resources, when necessary and expended to derive maximum productivity. With multi-year funding, the manager would no longer be required to plan and take action simply to avoid losing funds, but could plan and obtain resources which would fulfill the optimum needs.

OPERATION AND MAINTENANCE

Mr. Myers. Your FY 1996 program includes $378,500 for the procurement of energy efficient goods and services. Can you tell what will be procured with these funds.

Mr. Beard. Executive Order 12902 and the Energy Policy Act of 1992 requires the Federal Government to reduce its energy usage 30 percent by the year 2005. Reclamation intends to reduce energy and water usage by purchasing the following types of items/services: Energy efficient lighting, reflectors, motion sensors, electronic ballasts, energy control systems, energy efficient motors and pumps, low water usage plumbing fixtures, energy efficient windows and doors, energy efficient heating and cooling systems, energy audits, building retrofits, hot water solar systems, and similar products.

Mr. Myers. The FY 1996 budget also includes $249,000 for alternative fuel vehicles. How many vehicles will be procured and what types of alternative fuels will be utilized?

Mr. Beard. The Energy Policy Act also requires that the Federal Government introduce an increasing percentage of alternative fuel vehicles each year starting in 1996. In FY 1995 Reclamation set as a goal that 25 percent of all new motor vehicles be fueled by one of the alternative fuels listed below. We attempted to purchase some alternative fuel vehicles in FY 1995 but GSA could not provide the vehicles in the configuration needed by field personnel. At this time we do not know what types and numbers of alternative fuel vehicles will be available in FY 1996. If new vehicles are not available we intend to convert existing gasoline vehicles to alternative fuels assuming conversion contracts are in place and fuels are readily available. Some fuel types are only available in the eastern United States and major metropolitan cities so they may not be available to many of our Reclamation offices. The following fuels are considered alternative replacement fuels: Hydrogen; Compressed Natural Gas; Liquefied Natural Gas; Liquefied Petroleum Gas; 85 percent Methanol; 85 percent Ethanol; Biodiesel; and Electricity.

ADVANCES FROM OTHER FEDERAL AGENCIES

Mr. Myers. In FY 1996, $26,193,000 will be advanced by other Federal agencies, including $19,635,000 from the Bonneville Power Administration. What other agencies will provide advances of funds, and how much will each provide?

Mr. Beard. The Corps of Engineers will incur an estimated $130,000 of operation and maintenance cost attributed to irrigation. These costs will be collected from the irrigation districts and sent to the Treasury. The Bureau of Indian Affairs will provide $4,950,000 for the Southern Arizona Indian Water Rights Settlements and $607,000 for the Yakima Project, and Bonneville Power Administration will contribute $585,000 for the Umatilla Project and $286,000 for the Yakima Project.

BOISE AREA PROJECTS
BLACK CANYON RESERVOIR RESOURCE MANAGEMENT PLAN

Mr. Myers. With regard to the Boise Area projects, why is there a need for a resource management plan at the Black Canyon Reservoir?

Mr. Beard. A comprehensive management plan is needed at Black Canyon Reservoir to resolve issues such as safety and health, sanitation, law enforcement, user fees, boating safety, water carrying capacity, special uses, concessions, resource protection and non-Federal partners. Black Canyon Reservoir recreation facilities, water surface, lands, and the wildlife management area at Montour, are receiving maximum use. The plan will develop goals, objectives, and solutions to competing uses, management, and natural resources issues to protect the Federal investment. Utilizing the resource management planning process, including NEPA compliance, will enable us to develop a data base, formulate alternatives and resolve problems and issues associated with management of Black Canyon Reservoir.

CACHUMA PROJECT

Mr. Myers. Please provide us with more information regarding the activities being performed at the Cachuma, California, project associated with the Endangered Species Act.

Mr. Beard. All activities associated with the Endangered Species Act on the Cachuma Project, California, planned or currently underway by Reclamation, are consultations under Section 7 of the Act. To date, we have formally consulted with the Fish and Wildlife Service on releases from Bradbury Dam under State Water Resources Control Board Decision 89-18 and for interim safety of dams modification work scheduled to begin in March 1995. We have informally consulted with the Service on Reclamation's participation in a Memorandum of Understanding regarding fishery issues in the Santa Ynez River.

TRINITY RIVER RESTORATION PROGRAM

Mr. Myers. Please describe the work that is performed under the Trinity River Restoration Program as part of the Trinity River Division of the Central Valley Project.

Mr. Beard. The monitoring work on the Trinity River is conducted by the U.S. Fish and Wildlife Service, Hoopa Valley Tribe and the California Department of Fish and Game. Both adult and juvenile outmigrant fish are counted to assess the status of both native and hatchery fish. This basic data is used to assess the effectiveness of the Trinity River Restoration Program and it also contributes to management decisions within the entire Klamath River Basin ecosystem. This data is included in a data system which provides a basic measure used to make informed decisions on allowable harvests.

Mr. Myers. Is this work affected by the fact that the authorization for the Trinity River Restoration program expires in October of this year?

Mr. Beard. Without the authority or funding to continue this monitoring program there will be no way to assess its effectiveness. In addition, harvest managers and decisionmakers will not have the basic data they need to determine acceptable commercial, sport and Native American harvest levels. Without knowing the Trinity River contribution to Klamath River stocks, it will be impossible to estimate how may fish are likely to survive and harvests will be further adversely curtailed affecting the economies of communities within the Klamath River Basin and along 300 miles of coastline.

KLAMATH BASIN ECOSYSTEM RESTORATION PROGRAM

Mr. Myers. Please describe the Klamath Basin Ecosystem Restoration Program and explain why it is being undertaken.

Mr. Beard. The Klamath Basin Ecosystem Restoration Program was established in 1993 as a proactive conservation program of cooperation among Federal, state, and private agencies that serve the Klamath Basin. The focus of the Program is the management of all the Klamath Basin's resources to assure a healthy ecosystem as a whole, not just a limited focus on several Federally listed endangered species. The Klamath Basin Ecosystem Restoration Program provides coordination and long-range planning, as well as administration of on-the-ground restoration projects.

RECREATION AREAS

Mr. Myers. How many recreation areas does the Bureau of Reclamation operate?

Mr. Beard. There are approximately 300 recreation areas at Reclamation projects in the 17 Western States. Of that number, Reclamation directly operates approximately 35. The remainder are operated by other Federal agencies and some 70 non-Federal entities.

Mr. Myers. How much is included in the FY 1996 budget request for operation and maintenance of recreation areas?

Mr. Beard. Almost $6.5 million is included in the FY 1996 budget request for operation and maintenance of recreation areas.

SAN LUIS VALLEY PROJECT, CONEJOS DIVISION

Mr. Myers. Have you investigated the possibility of transferring title of the San Luis Valley Project, Conejos Division, to local interests?

Mr. Beard. Yes, this possibility was investigated during consideration by the Congress of legislation that authorized the acceptance of a one-time payment of $450,000 in lieu of certain repayment obligations in the Repayment Contract between the United States and the Conejos Water Conservation District and transfer of operation and maintenance responsibility of Platoro Reservoir to the Conejos Water Conservation District. The legislation, Title XXIII of Public Law 102-575, the Reclamation Projects Authorization and Adjustment Act of 1992, did not authorize title transfer, but Reclamation is certainly willing to consider this possibility.

YAKIMA PROJECT

Mr. Myers. The request for the Yakima Project includes $130,000 for the replacement of vehicles. Please provide a list of the vehicles to be acquired.

Mr. Beard. The vehicles to be purchased are 2 small pickups, 2 standard pickups, 1 four-wheel-drive pickup, and a 1-ton flatbed truck.

Mr. Myers. Why are new vehicles needed?

Mr. Beard. Reliable vehicles are absolutely critical to both immediate and near-term operation of the project. The vehicles being replaced have high to excessive mileage and are beginning to incur major repair expenses. The vehicle fleet of the Yakima Project travels over 750,000 miles per year over an area approaching 300 miles in length. All of the reservoirs, streamgaging stations, diversion dams, fish screens and ladders, and other facilities are off road, many in mountainous terrain. Driving conditions vary from hot desert summer heat to snow and icy winter conditions.

DEPARTMENTAL IRRIGATION DRAINAGE PROGRAM

Mr. Myers. Where will work be accomplished in FY 1996 under the Departmental Irrigation Drainage Program?

Mr. Beard. In FY 1996, planning activities will continue for Middle Green River, Utah; Stillwater, Nevada; and Gunnison-Grand Valley, Colorado. Two other studies, Sun River, Montana, and San Juan, New Mexico, may begin planning activities in FY 1996; however, the decision to begin this work will depend on the results of the ongoing detailed studies.

ENVIRONMENTAL PROGRAM ADMINISTRATION

Mr. Myers. The amount requested for Environmental Program Administration includes funds for protective barriers, interpretive signs, pedestrian trails, and restoration of damaged cultural resources sites. Why aren't those activities and other activities funded through the projects where the work will take place?

Mr. Beard. In many cases, environmental or cultural resources exist on Reclamation withdrawn lands not associated with a specific project. Reclamation remains responsible for the protection of these valuable resources and must guard against further damage and vandalism. Often this involves fencing, rudimentary trails, and interpretive signs explaining the value of the resource. One example is the protection of petroglyphs found in the lower Colorado River area.

EMERGENCY MANAGEMENT ACTIVITIES

Mr. Myers. The request for the Examination of Existing Structures program includes an increase for a new emphasis in emergency management activities. Why is there a need for a new emphasis in emergency management activities?

Mr. Beard. A recent Reclamationwide survey shows that less than 10 percent of cities and counties downstream from Reclamation facilities have Emergency Operations Plans for warning and evacuation of populations potentially affected by high-water operational releases or dam failure from our facilities. Adequate local plans and capabilities to warn and evacuate people is crucial to minimizing the risk to the downstream public should a dam incident occur.

Mr. Myers. How will the funds requested for emergency management activities be utilized?

Mr. Beard. The funds will be used to provide technical assistance and information to local jurisdictions to assist them in developing these plans, integrate their plans with Emergency Action Plans for Reclamation facilities, and to design and conduct joint emergency exercises.

LAND RESOURCES MANAGEMENT

Mr. Myers. Why aren't the activities accomplished with funds requested for the Land Resources Management program funded under the projects where the work takes place?

Mr. Beard. This program is used to fund oversight and support services for developing resource management plans and to facilitate the proper management of Reclamation lands by other agencies and interests. The program finances operation and maintenance related activities on lands managed by Reclamation for which there is no other source of funds. The inventory of archeological collections and program administration is also included in this program.

Mr. Myers. Of the funds requested for the Land Resources Management program, how much is needed to meet the requirements of the Native American Graves Protection and Repatriation Act?

Mr. Beard. In FY 1996, $658,000 is needed to meet the requirements of the Native American Graves Protection and Repatriation Act. These funds will be used to compile the Inventory of Native American human remains and associated funerary objects and distribute the report to all Indian tribes that may be culturally affiliated with the remains, begin consultations with the culturally affiliated tribes to determine final disposition, and begin to repatriate all remains that can be linked to specific tribes.

ASSOCIATED O&M PROGRAMS

Mr. Myers. There are a number of associated O&M programs in which you indicate that there are ongoing efforts to recover costs from project beneficiaries. Would you please describe those efforts?

Mr. Beard. Administrative and nonproject specific related activities are charged to the associated programs. All project-specific activities are charged directly to a project as allowed by contract and are paid partially or wholly by the project beneficiaries. Reclamation continues to examine ways of reducing the nonreimbursable amounts within the associated programs. Efforts are actively being pursued to obtain cost share partners on nonproject specific related activities. Most partners provide in-kind service which effectively reduces the total required funding. Portions of the cost for the Review of Operation and Maintenance Program are being charged back to the water users wherever the repayment contract language allows.

AMERICORPS PROGRAM

Mr. Myers. You indicate that the Bureau of Reclamation is participating in the AmeriCorps program. Would you please provide us with some details of your involvement with that program?

Mr. Beard. Reclamation is participating in an AmeriCorps program called the Southern California Urban Water Conservation Project. The other partners are the Metropolitan Water District of Southern California, The Executive Partnership for Environmental Resources Training, and several community-based organizations. There are 40 AmeriCorps members who are learning and implementing water conservation programs to reduce residential water consumption, save energy, and reduce wastewater discharges. This project is providing members with an understanding of water and environmental resource use, computer operations, management, plumbing, and recycling projects. Members were recruited from the local communities and represent a diversity of ethnic backgrounds. Americorps is granting approximately $300,000 which is being added to approximately $350,000 from Reclamation and about $750,000 from the Metropolitan Water District.

WATER MANAGEMENT AND CONSERVATION PROGRAM

Mr. Myers. Your request for the Water Management and Conservation Program represents a significant increase over the FY 1995 program. Would you please provide a breakdown by activity of how the funds requested under this

program will be used indicating which activities have increases over the FY 1995 level?

Mr. Beard. The Water Management and Conservation Program includes operation of the Water Conservation and Advisory Centers, management of the urban water conservation program, the Agrimet Network, management of the Colorado River System, and resolving instances of unauthorized use of water. The increases over the FY 1995 level are for increased Water Conservation and Advisory Center activities and to offer cooperative agreements and demonstration grants for implementation and evaluation of water conservation measures. In addition, emphasis is being placed on the Colorado River operations, accounting, reporting, and contract administration requirements.

Mr. Myers. You state that you will be establishing an additional water conservation center. What function do water conservation centers serve?

Mr. Beard. In order to promote water conservation, Reclamation, in conjunction with water users and State and local interests, has established Water Conservation and Advisory Centers. These Centers provide practical advice and technical assistance to those desiring to plan and implement a water conservation program. The Centers are involved in four general areas: education, information, technical assistance, and research and technology transfer.

Mr. Myers. Where will the new center be located and how many currently exist?

Mr. Beard. New irrigation training and research activities within the existing center will begin in Sacramento in FY 1996. There are currently five Water Conservation and Advisory Centers, one in each of the regional offices.

BOULDER CANYON PROJECT

Mr. Myers. You have proposed that bill language for the Boulder Canyon project be deleted from the FY 1996 bill. What was the purpose of that language and why is it no longer required?

Mr. Beard. This language was added to the appropriation act in 1987 after severe flooding in the Lower Colorado Basin required emergency funding for spillway tunnel repairs at Hoover Dam.

The Boulder Canyon Project Implementation Agreement recently signed by the Bureau of Reclamation, Western Area Power Administration, and all Hoover power customers makes the readvance provisions included in the O&M appropriations language unnecessary. The Implementation Agreement provides that the customers will fund all replacements and repairs.

UNAUTHORIZED USE OF WATER

Mr. Myers. You indicate that in FY 1996 you will initiate activities to resolve instances of unauthorized water use known as water spreading. Would you please provide us with some background on that issue, explain why it is so important, and tell us what you are doing and plan to do to resolve the problem?

Mr. Beard. The unauthorized use of irrigation water from Reclamation projects includes delivery to unclassified land, non-irrigable land, land outside authorized boundaries or service areas, land outside contract authorization, land without water rights, land in excess of acreage limitations, and/or land which has become urbanized or subdivided and no longer qualifies for interest-free water charges.

In addition to rectifying the inherent unfairness to authorized water users, including tribes, it is important to resolve this issue because unauthorized use is in violation of the law, Reclamation contract provisions, Federal statutes, and/or State water law where a water right has not been obtained for use on a specific tract of land.

Several teams of Reclamation staff have been established to address the unauthorized use of water and to develop an agency implementation plan. Reclamationwide procedures to resolve instances of unauthorized use of water are being developed. Consultation with knowledgeable individuals, organizations, the States, and the Congress will be conducted prior to implementation of any plan. Contingent on the outcome of the consultation process, we would expect to work through a regulatory and public involvement process pursuant to Reclamation law.

CONTROL OF ZEBRA MUSSELS

Mr. Myers. Mr. Commissioner, are there any funds in your FY 1996 budget request related to control of zebra mussels?

Mr. Beard. Yes, our FY 1996 budget request contains $45,000 for control of zebra mussels.

CENTRAL VALLEY PROJECT RESTORATION FUND

Mr. Myers. Please provide for the record the current estimate of payments into the Restoration Fund in FY 1995 from each of the revenue sources and the estimates that you used in preparing the FY 1996 budget request.

Mr. Beard. The current estimate of payments into the Restoration Fund in FY 1995 and the estimates used in preparing the FY 1996 budget request are provided for the record.

[Information for the record:]

	Fiscal Year 1995	Fiscal Year 1996
Friant Division Surcharges [3406(c)(1)]	$5,890,800	$5,890,800
Water Transfers [3406(a)(1)(B)]	$ -0-	$150,000
Restoration Payments [3407(d)]:		
Irrigation Water	$19,711,549	$20,332,386
Municipal & Industrial Water	$4,778,927	$4,933,329
Power	$14,894,524	$12,272,615
Subtotal	$39,385,000	$37,538,330
TOTALS	$45,275,800	$43,579,130

Mr. Myers. Please provide for the record a table showing how the funds appropriated in FY 1995 from the Restoration Fund are being utilized.

Mr. Beard. I will be happy to provide that information for the record.

[information for the record:]

CENTRAL VALLEY PROJECT RESTORATION FUND UTILIZATION OF APPROPRIATED FY 1995 FUNDS ($'s in thousands)

Project or Study	FY 1995 Enacted
GENERAL INVESTIGATIONS	
San Joaquin River Basin Res Mgmt Initiative	1,000
Subtotal – Habitat Restoration	1,000
CONSTRUCTION	
Miscellaneous Project Programs	
Refuge Water Supply	3,310
Anadromous Fish Program	2,295
Water Conservation Projects	1,000
Water Augmentation Program	900
Ecosystem/Water Conservation Study	1,200
Refuge Wheeling Costs	1,200
Dedicated Project Yield	275
Evaluate Project Operations	230
Sacramento River Division	
CVPIA Supporting Investigations	1,000
San Joaquin Division	
San Joaquin Basin Action Plan	5,437
Water Acquisition	5,514
Land Retirement	6,974
Subtotal – Habitat Restoration	29,335
CONSTRUCTION	
Shasta Division	
Shasta Temperature Control Device	7,751
Coleman National Fish Hatchery	2,735
Miscellaneous Project Programs	
Flood Agricultural Lands for Waterfowl/ Yield Enhancement	1,000
Central Valley Assessment/ Monitoring Program	2,035
Sacramento River Division	
Fish Passage Program	500
Pilot Research Pump Evaluation	920
Subtotal – Other F&W	14,941
TOTAL – RESTORATION FUND	45,276

Mr. Myers. You have proposed changes in the appropriations language for the Restoration Fund. What are the reasons for the proposed changes?

Mr. Beard. The proposed changes adopts the language in Section 3407(d) of Public Law 102-575, which restricts the additional restoration and mitigation payments to the $30,000,000 amount, based on October 1992 prices, on a three year rolling average basis. Therefore, if the levy in a particular year is less than or exceeds the $30,000,000 level, subsequent levies should vary in an amount sufficient to maintain the three year rolling average. The language does not change the amount that would be levied, when compared with the approach used in the FY 1995 Energy and Water Development Appropriation. It does, however, eliminate the need to change the amount in the bill each year. In addition, the words "assessed and" are unnecessary because only the amount collected can be appropriated.

QUESTIONS SUBMITTED BY THE HONORABLE FRANK RIGGS

TRINITY RIVER RESTORATION

Mr. Riggs. When will the Bureau of Reclamation submit to Congress a proposal to reauthorize the Trinity River Restoration legislation?

Mr. Beard. The Administration currently is reviewing proposed reauthorization language for the Central Valley Project, Trinity River Restoration Program. We hope to forward the proposal to Congress in March, once this review has been completed.

TRINITY RIVER RESTORATION PROGRAM

Mr. Riggs. I have been informed that administrative costs for some aspects of the Trinity River Restoration project have exceeded 50 percent. Does the Bureau of Reclamation have any information to this effect? Please submit information for the hearing Record?

Mr. Beard. The administrative costs of the individual agencies involved in the Trinity River Restoration Program vary. Only the Hoopa Valley Tribe's administrative costs are consistently above 50 percent. The Tribe is small and self-governing, which contributes to the large administrative costs.

AUBURN-FOLSOM SOUTH UNIT

Mr. Riggs. I have been informed that the Bureau of Reclamation is studying proposals to resume work on the Auburn Dam. What is the status of that study?

Mr. Beard. As directed by Congress, the Bureau of Reclamation initiated the American River Water Resources Investigation in 1992. The study area includes a five-county area primarily in the American River Basin and San Joaquin County which lies outside of the basin. The purpose of the investigation is to define water related needs, formulate alternative plans to meet those needs and select a recommended plan. Needs have been defined and alternative plans are being formulated. The plans will be screened to a short list for evaluation in the environmental process. As part of the plan formulation process, Auburn Dam is being considered as a portion, or component, in one of the alternative plans being developed. Scoping for the preparation of an environmental document is scheduled to begin in April 1995. The draft Environmental Impact Statement is scheduled for release in November 1995. The study is scheduled to be completed in April 1996.

NAPA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

Mr. Riggs. I have received correspondence from the Napa County Flood Control and Water Conservation District complaining that delays in processing amendments to its water service contract No. 14-06-200-1230A with the Bureau of Reclamation have been unsatisfactory and had an adverse impact on the District's financial reserve. Attached is correspondence from Director of Public Works William E. Bickel. Please address for the record the concerns raised by Mr. Bickel on behalf of the District.

Mr. Beard. Reclamation is aware of the burden the District is suffering and regretfully has not been able to move as quickly with the amendment as all parties would desire. The timing of the request unfortunately coincided with the unprecedented critical need for negotiating 65 water service contracts in the Central Valley Project. In an effort to ease the burden, the Area Manager of the Reclamation's North Central California Area Office deferred payment for the second half of 1994. In August 1994, the North Central California Area Office prepared the Basis of Negotiation which is being reviewed by appropriate staff in Reclamation. In the interim, the North Central California Area Office in consultation with the Office of the Solicitor, is reviewing the contract to find a mechanism to provide relief to the District.

STOCKTON EAST WATER DISTRICT NEW MELONES PROJECT

Mr. Riggs. Attached are documents I have received from Representative Richard Pombo relating to the Stockton East Water District New Melones Project. Please respond to the following for the record. What efforts is the Bureau of Reclamation taking to honor the Stockton East Water District and the Central San Joaquin Water Conservation District contracts for water deliveries from the New Melones Reservoir?

Mr. Beard. Reclamation has indicated to Stockton East Water District and Central San Joaquin Water Conservation District that when New Melones Reservoir recovers from the recent drought, a better opportunity will exist for contract water deliveries. The 1994 water year was the fourth driest year of record in the Central Valley Project and caused an increased depletion in reservoir storage. January 1995 storms resulted in an above normal water supply outlook and improved projected reservoir conditions. As part of the recent Principles for Agreement on Bay-Delta Standards between the State of California and the Federal Government, Reclamation agreed to support base flows in the San Joaquin River near Vernalis as well as water quality standards in the Bay-Delta. This commitment will require added releases from New Melones Reservoir during 1995. Based on Reclamation's analysis of the January storms, and resulting snowpack, inflow to New Melones Reservoir will not be sufficient to support the flow requirements in the San Joaquin River near Vernalis and allow for contract deliveries. Stockton East Water District has been informed of this situation and advised that as conditions improve the potential for water deliveries will be reassessed. Actions currently underway to minimize the withdrawal of water from New Melones Reservoir to meet Bay-Delta requirements and to make the potential for contract water deliveries possible include these: Reclamation and the Fish and Wildlife Service are evaluating the potential of water acquisition within the San Joaquin River basin under the Central Valley Project Improvement Act; Reclamation staff are meeting with non-Federal project operations within the San Joaquin River basin to better coordinate overall water operations in an effort to meet flow requirements.

Mr. Riggs. Since you have not made any deliveries in the past two years under these contracts, what changes in law are necessary for you to be able to honor them.

Mr. Beard. We do not believe that any changes in Federal law are required to allow delivery of water to Stockton East Water District or Central San Joaquin Water Conservation District. Unfortunately, the runoff in the Stanislaus River basin and New Melones Reservoir storage suffered greatly from the extended drought in California and has not recovered. An operations group, consisting of Federal and State resource agencies, agricultural and urban water users, and environmental interests has been established to discuss the operation of the Federal Central Valley Project and California State Water Project. This group will look at better ways to coordinate the needs of the Federal Endangered Species Act, the Central Valley Project Improvement Act, and newly proposed State water quality standards for the Bay-Delta estuary to minimize water supply impacts. The group recognizes the situation in the Stanislaus and San Joaquin River Basins and will be seeking solutions.

Mr. Riggs. Is it within your discretion to purchase water to make contractual deliveries such as Stockton East's?

Mr. Beard. Reclamation is not authorized to make water purchases for the purpose of meeting contract deliveries such as to Stockton East Water District. However, under the Central Valley Project Improvement Act the Secretary is authorized to acquire water from willing sellers to meet the purposes of the Central Valley Project Improvement Act. Currently Reclamation and the Fish and Wildlife Service are evaluating the acquisition of water within the Stanislaus and San Joaquin River basins to meet the purposes of the Central Valley Project Improvement Act for anadromous fish needs, Endangered Species Act requirements, and to assist the State of California in meeting water quality needs in the Bay-Delta estuary. Such acquisition may reduce the need to release water from New Melones Reservoir to meet these requirements, thus increasing the potential for contract water deliveries to Stockton East.

QUESTIONS SUBMITTED BY THE HONORABLE LARRY COMBEST, HONORABLE MAC THORNBERRY AND SENATOR PHIL GRAMM

LAKE MEREDITH SALINITY CONTROL PROJECT

Question. Why is the original estimate of $3,000,000 for the Federal share of this project adjusted to the level of $2,200,000?

Answer. The original estimate for the total project was $4,200,000 in 1984. This estimate was based on limited information on hand at the time. Since then, Reclamation has been collecting and evaluating further data while continuing geologic investigations. The current plan has an estimated cost between $9 and $10 million, based on more extensive data. The current estimate also included the effects of inflation since 1984.

Question. Do you feel with a reasonable degree of certainty that this new estimate is accurate?

Answer. Yes, we feel that the estimate is reasonable.

Question. Can you give us an estimate at this time as to how much money you expect to spend on this project in fiscal year 1995 above the $1,400,000 that was provided in fiscal year 1994 based in the commitments made in your August 12, 1994 letter?

Answer. In fiscal year 1995 Reclamation is planning on spending $500,000 of funds appropriated in fiscal year 1994. We are also in the process of considering a reprogramming in the amount of $950,000.

Question. How much will need to be appropriated in fiscal year 1996 to complete this project without interruption?

Answer. We are requesting $100,000 for this purpose in fiscal year 1996.

Secretary BABBITT. Mr. Bevill, Mr. Chairman, thank you very much.

Mr. MYERS. The committee stands adjourned until 10:00 on Friday. I guess we have to look at those rescissions tomorrow. Thank you.

[CLERK'S NOTE.—Statements for the record and the budget justifications for the Delaware River Basin Commission, the Interstate Commission on the Potomac River Basin and the Susquehanna River Basin Commission follow:]

March 1, 1995

WITNESS LIST

DELAWARE RIVER BASIN COMMISSION

Vincent P. D'Anna, United States Commissioner

Gerald M. Hansler, Executive Director

STATEMENT OF VINCENT P. D'ANNA, UNITED STATES COMMISSIONER, DELAWARE RIVER BASIN COMMISSION, BEFORE THE SUBCOMMITTEE ON ENERGY AND WATER, COMMITTEE ON APPROPRIATIONS, IN SUPPORT OF THE FISCAL YEAR 1996 APPROPRIATIONS REQUESTS FOR SALARIES AND EXPENSES OF THE OFFICE OF THE UNITED STATES COMMISSIONER AND THE FEDERAL CONTRIBUTION, DELAWARE RIVER BASIN COMMISSION, MARCH 1, 1995.

Mr. Chairman and members of the Committee, thank you for the opportunity to appear before you today. As you know, this is my first appearance before the Committee since my appointment by the President as United States Commissioner last June. I would appreciate having my resume' included in the record.

I appear before you today in support of two appropriation items totalling $904,000, details of which are in the formal Justifications statement previously submitted to the Committee.

The first item is for $353,000 for Salaries and Expenses of the Office of the United States Commissioner. The bulk of the increase in this request over last year's appropriation stems from increased pay costs.

The second item is for $551,000 for the Federal Contribution to the Delaware River Basin Commission to cover the Federal Government's share of the cost of implementing the Delaware River Basin Compact.

Accompanying me today is Gerald Hansler, the Commission's Executive Director. We will try to respond to any questions you may have.

Vincent P. D'Anna
958 Rahway Drive
Newark, Delaware 19711
(302) 368-3772 (Home)
(302) 573-6345 (Work)

Education

Undergraduate: University of Delaware, B.A. Economics (1962)

Graduate: University of Delaware, Urban Affairs Department (1962-63)

Work Experience

United States Senate, Joseph R. Biden, Jr.,
Wilmington, Delaware (1975 - Present)

-- Established and presently head Special Projects operations
-- Grants facilitator and Ombudsman for Delaware government, Industry and other Delawareans interested in receiving federal asssistance or impacted by the federal regulatory process
-- Major oversight responsibility for all environmental legislation and activity

United States Senate, Senator Joseph R. Biden, Jr.,
Washington D.C. (1974-75)

-- Legislative Assistant to staff Senator Biden's responsibilities on Senate Public Works Committee
-- Legislative Assistant for Environment and Energy

New Castle County Planning Department (1964-1974)

-- Preparation of county comprehensive plan
-- Administered zoning code
-- Initiated county capital budgeting procedures
-- Key role in securing one of the nation's first Section 208 Planning and Sewer Grants
-- Key role in negotiating with Federal government and other municipal governments for establishment of regional transortation agency (WILMAPCO)
-- Responsible for review and county position on Environmental Impact Statements
-- Liaison with other governments that impacted on County
-- County representative on Regional Transportation Committee and othe various special committees including White Clay Creek reservoir, county airport, Wilmington Medical Center, and state Coastal Zone Management plan

Mr. Chairman and Members of the Committee:

The opportunity to present the Fiscal Year 1996 Operating Budget requirements of the Delaware River Basin Commission (DRBC) is much appreciated.

On October 26, 1994, the appointed Commissioners adopted by unanimous vote the Commission's FY 1996 Operating Budget. This budget called for a Federal "Fair Share" contribution of $551,000.

As presented to this sub-committee in past years, the Delaware River Basin Commission recognizes the economic conditions and political realities that have confronted the signatory parties. Every effort continues to be made to place the least financial burden upon the parties, including the Federal Government, to finance the Commission's operations and at the same time not compromise the Commission's ability to carry out its mandates as set forth in the Delaware River Basin Compact -- law common to all five parties.

Recognizing that a few of the committee members are new and may not be familiar with the accomplishments of such a small unit as the Delaware River Basin Commission, a short explanation and brief highlights of our accomplishments follow.

Beginning in 1961 when the Federal Government joined an interstate compact for the first time ever as an equal partner with four states, we grew to an organization of about 70 employees in the early 70's. Recognizing budget limitations, we have cut back to less than 40 dedicated staff and continue to address the ever expanding water resource issues of the Delaware Basin.

The Compact provides for a single agency -- the Delaware River Basin Commission -- to manage the water resources of the multi-jurisdictional river basin which supports seven percent of the nation's population. The principal members of the Commission are the Governors of Delaware, New Jersey, New York and Pennsylvania and a Presidential appointee, who historically has been the Secretary of the Interior. Each member appoints an alternate and it is these individuals who take the actions necessary to fulfill the goals and objectives of the Compact.

The Commission is a mediating, policy-setting, and regulatory agency given broad and important powers by legislation of the four states and Congress. Under it's project review requirements, it must approve all proposed projects that meet the "regulatory yardstick" established by the Commission. Our "regulatory yardstick" has largely been developed by the stakeholders or users in the basin -- not by any single interest group.

In 1966-67, the Commission called for public review and comment regarding various proposed levels of clean-up of the Delaware Estuary and the cost associated for each alternative. An alternative that would allow the safe passage of fish in the most polluted section of the river was chosen and adopted. The Commission then assigned waste load allocations to all the dischargers in each section of the Delaware River and required each discharger to upgrade and meet its allocation. This was one of the first, if not the first, Total Maximum Discharge Loading (TMDL) waste allocation program in the U.S. These allocations have been incorporated into the NPDES permits and remain in effect today. The improvement in the Delaware River from this program has been dramatic and is well documented. Sure, there is more to do, as discussed below.

While the flood of 1955 was the impetus to move the legislation for the Compact, it was the drought of '61 to '65 that allowed the Commission to demonstrate its effectiveness. During the worst drought on record, the Commission brought all parties to the table on a regular basis and hammered out agreements for sharing the water shortage problems. New York City continued to get some water, but not all it wanted, and the down basin states continued to see augmented flows in the river but below the volume established by a 1954 Supreme Court Decree. These agreements avoided the reopening of very costly litigation before the U.S. Supreme Court and saved all parties including the Federal

Government, major expenses of time and money. Special agreements have been worked out through the Commission during the subsequent drought periods of '81, '85, '89 and '91 — which effectively modified that Decree.

Many, many examples of our major accomplishments could be mentioned, such as our comprehensive water conservation program which has received national commendation. Though both regulatory and voluntary in nature, it has generally been executed with willing compliance without regard to political boundary.

Similarly, our work to date in developing a common toxics management strategy for the Delaware Estuary area, and our efforts to date on the combined sewer overflow problems in the estuary are useful pioneering efforts with fair but meaningful end results in sight. However, these programs need to continue and are included in the proposed 1996 activities described below.

The federal contribution for FY 1996 is a solid investment in light of the efforts by the Commission to protect river corridors in the basin which Congress has added to the National Wild and Scenic Rivers System. In 1992, the Commission adopted water quality regulations which provide a heightened level of protection for these river corridors -- the Upper Delaware Scenic and Recreational River and the Delaware Water Gap National Recreation Area. The Commission adopted additional regulations on February 23, 1994 addressing non-point source pollutants which otherwise could result in degradation of the high water quality along this reach of the river. Implementation of these regulations (supported by all four states, Federal agencies, developers, and environmentalists) has and will continue to create an increased workload for a Commission staff which has been downsized in recent years due to economic constraints.

The Commission continues to work closely with the National Park Service in the eligibility studies of the White Clay Creek and the Lower Delaware River for possible inclusion into the National Wild and Scenic Rivers system. The Commission serves on the study advisory committees and is providing water quality and water resource input to the management plans currently under development.

In addition, the Commission continues to take the lead role in a project to reduce the potential for Delaware River flooding in the Port Jervis, N.Y. area. Under Section 205 of the federal Flood Control Act of 1948, the U.S. Army Corps of Engineers designed a project located in New Jersey which provides benefits to communities in Pennsylvania and New York. Under this unique set of circumstances, the Commission, at the request of the Corps, agreed to serve as the project's local non-federal sponsor, securing state and federal permits, acquiring land easements, and coordinating the project's financing.

The project is designed to provide an escape route for ice and water backed up by jammed ice by clearing trees within an existing natural overflow channel on a Delaware River island downstream of Port Jervis. Icy flood waters have caused damage along the Delaware in the past. In February of 1981 ice lodged against two islands in the Port Jervis area creating a frozen dam. The river rose 14.5 feet in one hour with huge blocks of ice floating over its banks, causing $15 million in damage and claiming one life.

The Corps, Philadelphia District, awarded a $969,000 contract to a New Jersey firm in December of 1994 to build the ice diversion channel. Construction began in January of 1995 and is expected to be completed by the spring of 1996.

In cooperation with the U.S. Fish and Wildlife Service, the National Park Service and the New Jersey Department of Environmental Protection, the project includes an environmental mitigation plan consisting of wetland improvements and the planting of trees and shrubs beneficial to wildlife on lands in the Delaware Water Gap National Recreation

Area. The project's construction schedule also was modified to restrict tree clearing activities to avoid potential impacts to wintering bald eagles and tree-roosting Indiana bats.

The Commission is relied upon as a mediating party with the estuary states and the U.S. Environmental Protection Agency (EPA) on programs to control the discharge of toxic pollutants to the tidal Delaware River. It has taken the lead in developing uniform water quality criteria and establishing wasteload allocations for use by states in permits issued to industrial and municipal wastewater treatment plants discharging to the river. Recommendations include the adoption of criteria for 47 toxic pollutants which are classified as carcinogens and criteria for 65 toxic pollutants to protect against non-carcinogen effects on human health from the ingestion of water or the consumption of certain fish. These efforts will address current consumption advisories for fish and documented toxics problems in the ambient water and sediments.

The Commission and the National Park Service conduct a joint year round water quality monitoring program, taking samples in the Delaware River and tributaries between Hancock, N.Y. and the Delaware Water Gap. Program personnel make some 500 station visits to 50 sites each year, monitoring for numerous water quality parameters. In 1994, the program launched a unique Ecological Monitoring Program which focuses on the ecosystem of the river and its tributaries.

In compliance with the federal Clean Water Act, the Commission also conducts biennial assessments of the water quality of the entire Delaware River and Bay and publishes the results in a special report. The EPA then uses the data from the Commission's report and from reports from states and other commissions to prepare a national water quality assessment report which it presents to the U.S. Congress. The national report, designed to pinpoint the type and extent of remaining pollution problems, helps lawmakers determine how the Clean Water Act in working, whether new legislation is called for, and where additional resources may be needed.

The Commission is currently working with EPA and the basin states to study and develop control strategies for the nearly 300 combined sewer overflows (CSOs) in the Delaware Estuary. Water quality simulation models are being used to evaluate CSO pollution impacts on Delaware Estuary water quality.

Based on analysis required by the Clean Water Act (CWA), reallocation of the assimilative capacity of the Delaware Estuary may be required to meet fishable/swimmable goals. This activity requires mathematical model computer runs to determine preliminary allocations followed by public hearings as the first steps toward implementation. However, questions regarding the results of the model currently in use resulted in a contract to evaluate the existing model including possible recalibration or to consider the alternative models that are available and their advantages and disadvantages. This evaluation was recently completed and it was recommended that a new model be utilized. A contract will be awarded to begin development of the new model this spring. All of this was accomplished through DRBC auspices.

The Commission coordinates an inter-agency monitoring program on the Delaware Estuary under provisions of the Water Quality Act, Section 106 Grant. Water quality monitoring involves collection and analysis of samples taken at 18-center channel stations, at key tributaries, and at significant discharge points. Two species of fish are collected at five locations on the Delaware River each year for subsequent tissue analysis.

Commission staff reviews drafts and final NPDES Permits, required by the Federal Clean Water Act, for all major and most minor discharges to Delaware River Basin waters. These are checked for compliance with the Commission's Water Quality Regulations and conformance with approved requirements in individual Commission Docket approvals. As many as 700 individual documents may be reviewed in any one year. When necessary, staff corresponds with the state environmental agencies responsible for issuing the permits to assure compliance with our requirements.

In 1988, the Delaware Bay and tidal reach of the Delaware River were included in the National Estuary Program, a project set up to protect estuarine systems of national significance with priority management strategies. Commission staff has played key roles in the program's development, serving on committees and providing water quality data and other information pertaining to the basin. The Commission also acts as the administrative arm in the procurement of professional studies and services for the program, which is funded by EPA and the three lower basin states (Pennsylvania, New Jersey and Delaware).

The Commission's purposes and mandates are clearly spelled out in the Compact and these continue to be implemented effectively. The U.S. Government is one of five equal parties. As such, the President's representative can speak with one voice, thereby reconciling the often diverse interests of different Federal agencies involved in major water resource management issues. Nationally, there is no formal focus on the myriad water resource management functions of the various Federal agencies -- either in Congress or within the Executive Branch. However, there has been and will continue to be a rational focus for all Federal concerns -- through U.S. membership and support of the Delaware River Basin Commission in a major watershed serving 18,000,000 people.

Probably the most important benefit that the Commission provides the Federal government is in the cost savings to Federal agencies who use our competency for their many specific purposes -- delivered quickly and at much less cost.

Thank you again for this opportunity.

Statement by Gerald M. Hansler, Executive Director, Delaware River Basin Commission, for the Subcommittee on Energy and Water Development, Committee on Appropriations, March 1, 1995.

DELAWARE RIVER BASIN COMMISSION

BUDGET JUSTIFICATIONS, F.Y. 1996

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DELAWARE RIVER BASIN COMMISSION
FY 1996 BUDGET JUSTIFICATIONS
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DELAWARE RIVER BASIN COMMISSION
SALARIES AND EXPENSES
FY 1996 BUDGET

JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Federal Representation

The Delaware River Basin Commission was created by Compact between the Delaware River Basin States (Delaware, New Jersey, New York and the Commonwealth of Pennsylvania) and the Federal Government (P. L. 87-328) for the joint management of the Basin's water and related resources.

The Compact directs the Commission to develop and implement comprehensive plans, policies and programs related to the water resources of the Delaware Basin; to adopt and promote uniform and coordinated policies for water conservation, utilization and development in the Basin; and to encourage the planning, development and financing of water resources projects according to such plans and policies.

The Commission's membership consists of the Governors of the signatory States and a Federal Member appointed by the President to represent all Federal interests. The Federal Member historically has been the Secretary of the Interior. Each Governor and the President are directed to appoint a Commissioner to serve as an alternate to the Member, and each has identical powers of the Member, including the power to vote in his absence.

It is the responsibility of the Federal Member and the United States Commissioner to protect the national interests in the affairs and programs of the Commission. The Member and the Commissioner must work closely with all interested Federal departments and agencies relative to all actions by the Commission relating to the comprehensive plan and the advisability of individual water policies, programs, and projects which the Commission may either propose or consider. They serve as coordinators between the Federal agencies and the Commission to eliminate duplication and foster complementary efforts.

An appropriation of $353,000 for FY 1996 is required to finance the salaries and expenses necessary to enable the United States Commissioner to represent the interests of the Federal Government in the workings of the Commission. The request reflects the full year cost of the 2.0 percent general pay increase and 1.22 percent locality pay increase effective January 1, 1995. It also assumes an anticipated 2.4 percent general pay increase effective January 1, 1996.

DELAWARE RIVER BASIN COMMISSION
DISTRIBUTION OF AUTHORITY BY ACCOUNT

Appropriation: Salaries and Expenses	1994 Actual	1995 Estimate	1996 Estimate
Appropriation...........................	$251,000	$343,000	$353,000

SUMMARY OF INCREASES/DECREASES, 1996

Federal Representation:	1996 Base	Changes	1996 Estimate
Budget Estimate, 1996.....................	$343,000	$10,000	$353,000

ANALYSIS BY ACTIVITY

		(Direct Appropriations)		
Activity	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	Increase (+) or or Decrease (-) 1996Compared with 1995
Federal Representation	$333,000	$343,000	$353,000	+ $10,000
Unobligated balance lapsing	($82,000)	--	--	--
Total	$251,000	$343,000	$353,000	+ $10,000

JUSTIFICATION

Federal representation: Fiscal Year 1995, $343,000; Fiscal Year 1996, $353,000; increase $10,000. The increase consists of:

Increase (+) or Decrease (-)				
Amount	Positions	Total Program	Total Positions	Explanation
$10,000	0	$353,000	2	To continue to provide for the cost of operation of the Commissioner's office.

DELAWARE RIVER BASIN COMMISSION
SALARIES AND EXPENSES

For expenses necessary to carry out the functions of the United States member of the Delaware River Basin Commission, as authorized by law (75 Stat. 716), $353,000. (Energy and Water Development Appropriation Act, 1995).

Program and Financing (in thousands of dollars)

Identification code 46-0100-0-1-301		1994 Actual	1995 Estimate	1996 Estimate
Program by activities:				
10.00	Total obligations	251	343	353
Financing:				
25.00	Unobligated balance lapsing	82	0	0
40.00	Budget authority (appropriation)	333	343	353
Relation of obligations to outlays:				
71.00	Obligations incurred, net	251	343	353
72.40	Obligated balance, start of year	14	12	34
74.40	Obligated balance, end of year	(12)	(34)	(35)
77.00	Adjustments in expired accounts	(4)	0	0
90.00	Outlays	249	321	352

DELAWARE RIVER BASIN COMMISSION
SALARIES AND EXPENSES

Object Classification (in thousands of dollars)

Identification code 46-0100-0-1-301		1994 Actual	1995 Estimate	1996 Estimate
	Personnel compensation:			
11.1	Full-time permanent	159	197	204
11.3	Other than full-time permanent	0	3	3
11.9	Total personnel compensation	159	200	207
12.1	Personnel benefits: Civilian	27	56	57
21.0	Travel and transportation of persons	6	12	12
23.1	Rental payments to GSA	26	27	28
23.3	Communications, utilities, and miscellaneous charges	2	5	5
24.0	Printing and reproduction	0	4	4
25.1	Advisory and assistance services	0	0	0
25.2	Other services	31	1	1
25.3	Purchases of goods and services from Government accounts	0	34	35
26.0	Supplies and materials	0	4	4
31.0	Equipment	0	0	0
99.9	Total obligations	251	343	353

DELAWARE RIVER BASIN COMMISSION
SALARIES AND EXPENSES

Personnel Summary

Identification code 46-0100-0-1-301	1994 Actual	1995 Estimate	1996 Estimate
Total number of full-time permanent positions................	2	2	2
Total compensable workyears:			
Full-time equivalent employment.....	2	2	2
Average ES salary.....................	$115,700	$118,000	$120,800
Average GS grade.......................	14.90	14.10	14.10
Average GS salary.....................	$74,765	$79,200	$81,100

DELAWARE RIVER BASIN COMMISSION
SALARIES AND EXPENSES

Detail of Personnel Summary

Identification code 46-0100-0-1-301	1994 Actual	1995 Estimate	1996 Estimate
Special positions at rates equal to or in excess of $118,000:			
U.S. Commissioner	1	1	1
GS/GM-14	1	1	1
Total permanent positions	2	2	2
Unfilled positions, end of year	--	--	--
Total permanent employment, end of year	2	2	2

DELAWARE RIVER BASIN COMMISSION
CONTRIBUTION TO DELAWARE RIVER BASIN COMMISSION
FY 1996 BUDGET

JUSTIFICATION OF PROGRAM AND PERFORMANCE

The Delaware River Basin Commission was created by Compact (P.L. 87-328) among the States of Delaware, New Jersey and New York, the Commonwealth of Pennsylvania and the Federal Government. The purpose of the Compact is to enable the signatory parties to participate jointly in the conservation, utilization, development and control of water and related resources of the Delaware River Basin.

Under the terms of the Compact, the Commission is directed to develop and implement comprehensive plans, policies and programs relating to the water resources of the Basin; to adopt and promote uniform and coordinated policies for water conservation, control and development in the Basin; and to encourage the planning, development and financing of water resources projects according to such plans and policies.

The principal members of the Commission are the Governors of the signatory states, ex officio, and a Federal member appointed by the President of the United States. The Compact also provides for the appointment of a Commissioner (alternate member) by each Governor and the President who has the identical powers of the member, including the power to vote in his absence.

Authority for the United States' participation in the current expense budget of the Commission is provided under Section 13.3 of the Delaware River Basin Compact (P.L. 87-328, approved September 27, 1961).

The FY 1996 estimate requests $551,000 to cover the United States' share of the $3,326,500 current expense budget of the Delaware River Basin Commission. The proposed state shares are Pennsylvania, $688,000; New Jersey, $688,000; New York, $481,500; and Delaware, $344,000. Although the Commission's budget continues to reflect the cost of implementing the uniquely rigorous standards needed to preserve the level of clean water which led to the Federal establishment and subsequent quarter billion dollar Federal investment in the Upper and Middle Delaware Scenic and Recreational Rivers, the Federal contribution reflects only a 20 percent equal share.

The FY 1996 budget request for the Commission totals $3,326,500, an increase of $263,500 from the FY 1995 budget. Increases provide for the addition of one staff position for management of the Commission's GIS (Geographic Information System) program; a 4 percent cost of living adjustment (COLA); and higher fringe benefit costs.

Also, an additional $55,000 in contractual services is to cover increased sampling related to implementation of the Commission's Estuary water quality program.

With regard to the $71,000 increase in the space account, this amount includes $60,000 which had been budgeted in FY 1994 for renovations which had to be deferred and which is now reflected in the FY 1996 budget.

The large decrease of $87,000 in the maintenance and replacement account reflects a one-time budget item in FY 1995 for computer acquisition related to the Commission's GIS program.

The Delaware River Basin Compact mandates activities and provides discretionary authority for a broad range of water resources planning, design, construction, and operating functions. In FY 1996, the mandated activities will be continued, and essential discretionary planning and operating functions will be performed.

Mandated Activities:

The Compact requires (1) the preparation and maintenance of an up-to-date Comprehensive Plan, (2) the issuance of an annual Water Resources Program, (3) the review of projects having a substantial effect on the water resources of the Basin, (4) the administration of uniform and coordinated standards and procedures, and (5) the publication of an annual report.

1. Comprehensive Plan: In FY 1996, the Comprehensive Plan will continue to be revised to include all public projects as well as any additional Commission decisions flowing from the Level B Study and the "Good Faith" negotiations. This will require public hearings before the Commission on a series of issues.

2. Water Resources Program: The Water Resources Program will be updated, subjected to public hearing, modified as appropriate, approved by the Commission, and issued. The Water Resources Program includes a

systematic presentation of (1) the quantity and quality of water resources needs, (2) the projects* required to satisfy these needs, and (3) a separate statement of the projects proposed to be undertaken by the Commission during the ensuing six years.

3. Project Review: Water, or water-related, projects proposed for implementation by any person, corporation or government authority will be reviewed for conformance with the Comprehensive Plan. These reviews, conducted in accordance with the duly issued Rules of Practice and Procedure, will result in recommended courses of action by the Commission.

4. Uniform Standards and Procedures and Their Enforcement: Uniform standards and procedures will be established for the evaluation and determination of benefits and cost allocations of projects affecting the Basin, as well as for the determination of project priorities pursuant to the requirements of the Comprehensive Plan. Uniform and coordinated policies for water conservation, use, and management will be promoted. Appropriate enforcement action(s) will be taken, where necessary, to protect the provisions of the Comprehensive Plan and any standards, regulations, or docket decisions duly promulgated by the Commission.

5. Annual Report: A report on the activities and finances of the Commission for the calendar year will be prepared, published and distributed to the legislative bodies of the signatory parties and the public.

Planning Activities:

Planning programs will be underway in FY 1996 relating to (1) ground water, (2) water demands and conservation, (3) pollution control, and (4) fish, wildlife and recreation. (Flood loss reduction activities are addressed under "Operation Activities.")

Ground Water: The Basinwide ground water investigation, initiated in 1979, was completed in FY 1983. Study recommendations will continue to be reviewed for inclusion within the Comprehensive Plan, following public hearings during FY 1996. Well registration and source metering by the

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* Defined by the Compact as "any work, service or activity," as well as water-related facilities or additions to such facilities.

Basin states will be continued, and a water-use data base will be updated for the Basin.

In 1993, the Ground Water Advisory Committee drafted two regulations that were adopted by the Commission. On February 17, 1993, the Commission adopted Resolution No. 93-2, which sets renewal periods for new surface and ground water dockets and Protected Area permits at a maximum of 10 years, with provisions for extension beyond that based in an applicant's satisfactory demonstration of need. On August 4, 1993, the Commission adopted Resolution No. 93-12, which allows the expiration dates of existing dockets and permits for ground water withdrawals issued prior to February 18, 1993 to be extended to a maximum of 10 years from the original date of issuance in order to provide for equitable treatment of all ground water users. In FY 1995, it is anticipated that the Committee will develop regulations in follow-up to the water management modeling study for the Neshaminy Creek Basin that is being conducted in cooperation with the U.S. Geological Survey. It is anticipated that these amendments will be implemented in FY 1996. Additional modeling efforts also may be pursued.

Water Demands and Conservation: The basic elements of water demand projections (i.e., population, unit water uses, economic base, etc.) will be compiled and continuously updated utilizing the most recent census and economic data. Inventories of water withdrawals and depletive use will be updated annually with information provided through the Commission's well registration (Resolution No. 85-19) and source metering (Resolutions No. 86-12 and 86-13) programs. By FY 1996, a consistent data entry format for basinwide monthly water use will be implemented for all users over 100,000 gpd.

The Commission will continue staff efforts to ensure compliance with its numerous water conservation regulations. The Commission has continuing long-term policies to reduce water use throughout the Basin through conservation efforts and is requiring maximum feasible efficiency in the use of water by new and existing water users (Resolution No. 76-17, Water Code 2.1.1, 2.1.2, 2.1.3). Resolution No. 81-9 specifies water conservation policies applicable to all new water supply projects reviewable by the Commission under Section 3.8 of the Compact. Resolution No. 87-6 requires purveyors that distribute in excess of 100,000 gpd during any 30-day period to undertake leak detection and repair (LD & R). In FY 1996, the Commission staff will continue to measure LD & R program effectiveness through annual monitoring of unaccounted for water for all water systems distributing 100,000 gpd. Resolution No. 87-7 requires those purveyors to install, or require to be installed water meters at all service connections. Resolution No. 88-2 (Revised) sets water conservation performance standards for plumbing fixtures and fittings. It requires that low-consumption water closets (maximum 1.6 gallons/flush) be installed in new construction and renovation in the Basin effective July 1, 1991. Resolution No. 92-2 requires purveyors seeking Commission approval under Section 3.8 of the Compact for a new or expanded water withdrawal to include as part of the application a water conservation plan. Purveyors withdrawing 1 mgd or more are required to include in the conservation plan an evaluation of the feasibility of implementing a water conservation pricing structure and billing program. Finally, the Commission will continue to sponsor technology transfer sessions with major industrial and commercial groups to promote water conservation in those sectors.

Pollution Control: The multifaceted pollution control program, funded by appropriations from the states and grants from the Federal Government, will continue in FY 1996.

1. Allocation of Estuary Waste Assimilative Capacity. The reallocation of the assimilative capacity of Zones 2 through 5 of the Delaware River estuary awaits resolution of questions regarding the validity of the DYN-DEL Model. Reallocations will require mathematical model computer runs, notices of preliminary allocations, hearings on objections before hearing panels, reports to the Commission by the panels, and Commission decisions. A detailed scientific evaluation of the model, which recommended a new model, was completed in FY 1994. The Commission will investigate funding alternatives in FY 1995 and proceed with model development when funding is acquired.

2. Water Quality Data Collection. The Commission will compile, and make available to interested parties, data on the quality of Basin surface and ground waters. The Commission will act as the cooperating agent with the U.S. Geological Survey for some monitors in the estuary. The annual monitoring program for the Delaware Estuary and Bay, selected major tributaries, selected major dischargers, and fish tissue will be continued in FY 1996. The Commission will evaluate changes to this program to coordinate monitoring with the National Estuary Program. Redesign of the monitoring program in the upper Basin, including DWGNRA and the Upper Delaware Scenic and Recreational River, will be continued in FY 1996. The redesigned program better conforms to the needs of the Special Protection

Waters regulations. The National Park Service and the Commission have initiated a cooperative research study to evaluate state-of-the-art water quality monitoring equipment in the Delaware Water Gap National Recreation Area.

3. Water Quality Standards. The Commission will continue to develop and adopt interstate water quality standards that are consistent with Federal and State laws and the water management plan of the Basin.

During FY 1993, the Commission adopted a Special Protection Waters classification which provides anti-degradation policies for the Middle Delaware Scenic and Recreational River which flanks the DWGNRA and the Upper Delaware Scenic and Recreational River. Public hearings on draft non-point source control regulations were held in FY 1993 with adoption in FY 1994. Implementation will continue in FY 1996. This includes a cooperative effort with the National Park Service to develop the integration of water quality models and GIS for Special Waters management.

The Commission will implement a toxics management strategy for the Delaware estuary in FY 1996. Revised water quality standards for toxic pollutants will be adopted, and the Commission will model the impact of wastewater discharges and their interactions on the estuary to develop wasteload allocations for toxic pollutants. Public hearings will be held on the allocations in FY 1995 prior to adoption by the Commission. The states will use these allocations to prepare effluent limitations in reissued NPDES permits.

4. National Estuary Program. The Commission, along with the Basin States, EPA Regions II, III and headquarters, the Army Corps of Engineers, NOAA, and the U.S. Fish and Wildlife Service will continue participating in the six-year management conference on the Delaware Estuary. The Commission staff will continue to serve on the Management Committee, the Scientific and Technical Advisory Committee and the Program Work Group. Support will be given to the Policy Committee, Citizens Advisory Committee, the Local Governmental Committee and the Financial Committee. The Commission will continue to receive funds from EPA, Pennsylvania, and Delaware on a pass-through basis and to execute contracts as may be approved by the Management Committee. In FY 1996 the Commission will actively participate in implementation of the CCMP including the establishment of a Toxic Advisory Committee.

5. **Coordination.** The interstate aspects of state water quality programs will be coordinated by the Commission.

6. Combined Sewer Overflow Study. In FY 1992, the Commission initiated a comprehensive assessment and central strategy for combined sewer overflows from major urban areas to the tidal Delaware River. This program will be continued in FY 1996, if funding is available. (See discussion regarding dissolved oxygen model under Section 1 Allocation of Estuary Waste Assimilation capacity).

7. The Commission will continue to review draft NPDES discharge permits for discharges to Basin waters with regard to Commission standards and wasteload allocations. Primary emphasis is on discharges with major impact on the Basin water.

8. The Commission will continue the five-year Christina Basin study initiated in FY 1995, to develop point and non-point source management alternatives.

Fish and Recreation: The Commission will continue to assist the U. S. National Park Service in implementing the Upper Delaware Scenic and Recreational River Management Plan and the Water Resources Management Plan for the Delaware Water Gap National Recreation Area. This activity will be in cooperation with the States and counties bordering the river.

The Commission will continue to review projects subject to its jurisdiction which would impact upon fish and recreation resources within its comprehensive plan. Liaison and coordination with fish management agencies will continue with respect to issues pending before the Commission through the project review activity.

Operation Activities:

Water Sales: The Commission will administer the water sales program adopted pursuant to Resolution Nos. 72-4 and 74-6. This program involves execution of contracts with major water users and the assessment of charges against minor water users, under the Commission's self-invoicing arrangement. The legal entitlement program as it relates to municipal and industrial withdrawals of surface water was completed in FY 1979. In FY 1996, new water sales contracts will be negotiated, current contracts will be monitored and self-invoicing procedures spot-checked. Field checking of water users' facilities will be carried out, as staff time permits. Water use payments will be computerized to aid in the tracking of overdue and under payments. The water sales payments have increased with additional users and loss of entitlements due to sales of companies. These increased payments are sufficient to cover the additional repayment required for future water use at Blue Marsh Reservoir and increases in the costs of operation and maintenance by the Corps of Engineers for the Beltzville and Blue Marsh Reservoirs.

Computer Modeling: Computer model simulations of salinity and reservoir operation will continue to be made as requested by the Flow Management Technical Advisory Committee in its evaluation of alternate reservoir operation plans during drought conditions. Daily Flow Model simulations will also be made to assist the Commission staff with evaluation of water allocation requests on the main stem Delaware and major tributaries.

Salinity modeling will also continue to be necessary in order to predict the effect on the quantity of chlorides in the estuary due to increased depletive water use and sea level rise. Sea level data will be updated periodically to assess sea level trends.

An investigation of the reliability of the DYNDEL estuary water quality model funded by the City of Philadelphia has concluded that the model has the tendency to under predict dissolved oxygen concentrations compared to observed values. A consultant, retained by the Commission to evaluate the model, has recommended a new model be developed for the estuary. This recommendation is currently under review. Concurrently funding alternatives are and will be investigated for state pass-through under Sections 205(j)(1) and 604(b) of the Clean Water Act.

Completion of a water quality model for the Delaware River from Hancock to the Delaware Water Gap is anticipated for late FY 1995. The model will be used for further studies and implementation programs for Special Protection Waters.

The Commission staff is working with the Malvern office of the U.S. Geological Survey to develop a watershed assessment model for the Neshaminy Creek Basin in the Ground Water Protected Area in Southeastern Pennsylvania. The resulting computer program and GIS maps will be used in future water allocation actions by the Commission.

As part of the program to monitor depletive use in the Basin, a database system installed on the Commission computer is being used to store continuing collection of water use data from surface and ground water users. This comprehensive database will also provide the basis for the water charging system to pay for the financing of the proposed F.E. Walter Reservoir modification and also monitor changes in depletive water use.

It is anticipated that approval to acquire a Geographic Information System (GIS) will be secured in FY 1995 and a Geographic Information System Manager will be hired in FY 1996. The GIS will be used to form a detailed data base of the location of water withdrawals and discharges, projects and facilities and various layers of associated data for the purpose of analyzing the impact of these withdrawals and discharges on the basin water resources. This capability will also be aligned with the work presently ongoing with our association with the National Park Service in the Upper Delaware.

Flood Loss Reduction: State and County emergency managers have expressed interest in completion of Flood Stage Forecast maps and profiles which relate forecast stages at USGS gaging stations to areas of expected flooding.

The Commission's primary objective in flood loss reduction is to improve emergency communication through: 1) production of Flood Stage Forecast maps and profiles; 2) promotion of efforts by the Corps of Engineers, Philadelphia District, to install automated flood warning systems in the Lehigh and Assunpink watersheds; 3) promotion of full utilization by all basin counties of the Local Flash Flood Warning assistance provided by the National Weather Service; and 4) collection and distribution of flood forecast information to the public when required.

In FY 1996, the effort will continue to determine the availability to county agencies of flood forecasts on tributaries and of flood preparedness maps. Initial surveys with county emergency managers have indicated that the degree of preparedness for flood events varies by county. Some managers have expressed needs for finding funding for setting up flood warning systems and for obtaining the topographic data required to prepare detailed flood preparedness maps for flood prone tributaries. To accommodate some of these needs technology transfer workshops will be planned in which technical experts and the county personnel involved in flood preparedness will be brought together so the needs and possible solutions can be discussed.

Future Water Supply: As an equitable means of financing future water supply storage in Francis E. Walter project, the DRBC has recommended that Congress should amend Section 15.1(b) of the Compact and eliminate exemption from charges for pre-compact users for specific Delaware River Basin projects. If appropriate Congressional action was forthcoming, the Commission would hold public hearings and revise the existing water charging program to apply to all users. The new charging program could be implemented upon the Compact modification.

Ground Water Protected Area: Under contractual arrangements with the State of Pennsylvania, the Commission will continue to administer special regulations regarding the use of ground water in portions of Berks, Bucks, Chester, Lehigh and Montgomery Counties, Pennsylvania. These special regulations apply to the Commission's designated "Southeastern Pennsylvania Ground Water Protected Area." In addition to meeting all current requirements of the Comprehensive Plan and Rules of Practice and Procedures, applicants seeking permission to withdraw more than 10,000 gallons per day are required to demonstrate that the requested use will not (1) render supplies in the underground Basin unreliable, (2) cause long-term progressive lowering of water levels, (3) cause water quality degradation, (4) result in permanent loss of storage capacity nor (5) substantially impact perennial streams. Such applicants are required to take a number of conservation measures and file a drought emergency plan with the Commission. All present users of more than 10,000 gallons per day were required to register their wells with the Commission in order to attain the protection by the declaration.

DELAWARE RIVER BASIN COMMISSION
FY 1996 OPERATING BUDGET

Revenues:	FY 1994 Budget Adopted		FY 1995 Budget Adopted		FY 1996 Budget Request
Signatory Parties:					
Delaware	$285,800		$300,000		$344,000
New Jersey	$548,100		$609,000		$688,000
New York	$269,600		$427,000		$481,500
Pennsylvania	$672,200		$609,000		$688,000
Federal Government	$488,000	*	$478,000	*	$551,000
Miscellaneous:					
Other	$275,000		$285,000		$274,000
EPA Water Quality Grant	$240,000		$240,000		$240,000
General Fund-Working Capital	$143,800		$105,000		$60,000
TOTAL ALL SOURCES	$2,922,500	*	$3,053,000	*	$3,326,500
Expenditures:					
Personnel Services	$1,707,000		$1,775,000		$1,947,000
Special & Contractual Services	$205,000		$203,000		$258,000
Services Other Than Personnel	$69,600		$88,500		$94,000
Supplies & Materials	$67,000		$68,500		$73,000
Space	$200,500		$131,000		$202,000
Communications	$54,000		$54,000		$52,000
Travel	$30,000		$30,000		$31,000
Maintenance & Replacement	$91,500		$175,000		$88,000
Equipment Purchase or Rental	$21,000		$21,000		$22,000
Grants, Fringe Benefits & Other	$499,900		$517,000		$559,000
TOTAL EXPENDITURES	$2,945,500	*	$3,063,000	*	$3,326,000

* The total amounts for revenues and expenditures are not the same because the Commission formally adopted a budget previous to the development of the President's budget. Also, the amount of the FY 1994 Federal Contribution was $23,000 higher in the Commission's adopted budget; for FY 1995, it was $10,000 higher.

DELAWARE RIVER BASIN COMMISSION
CONTRIBUTION TO DELAWARE RIVER BASIN COMMISSION

COMPARISON OF FUNDING

	Budget Authority		
Appropriation/Activity	1994 Actual	1995 Estimate	1996 Estimate
Contribution to Delaware River Basin Commission....................	$488,000	$478,000	$551,000

SUMMARY OF INCREASES/DECREASES FOR 1996 BY ACTIVITY

	1996 Base	1996 Estimate	Increase (+) or Decrease (-)
Activity: Contribution to the Commission................	$478,000	$551,000	+$73,000

To provide for the 1996 Federal share of the annual expenses of the Delaware River Basin Commission.

JUSTIFICATION

Contribution to the Commission: Fiscal Year 1995, $478,000; Fiscal Year 1996, $551,000; an increase of $73,000.

Increase (+) or Decrease (-)				
Amount	Positions	Total Program	Total Positions	Explanation
+$73,000	--	$551,000	--	Federal contribution to 1996 current expense budget of the Delaware River Basin Commission.

DELAWARE RIVER BASIN COMMISSION
CONTRIBUTION TO DELAWARE RIVER BASIN COMMISSION

For payment of the United States share of the current expenses of the Delaware River Basin Commission, as authorized by law (75 Stat. 706, 707), $551,000. (Energy and Water Development Appropriations Act, 1995).

Program and Financing (in thousands of dollars)

Identification code 46-0102-0-1-301	1994 Actual	1995 Estimate	1996 Estimate
Program by activities:			
10.00 Contribution to the Commission (object class 41.0).....................	488	478	551
Financing:			
40.00 Budget authority (appropriation)..........	488	478	551
Relation of obligations to outlays:			
71.00 Obligations incurred, net...........	488	478	551
90.00 Outlays..........................	488	478	551

STATEMENT FOR THE RECORD, SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT, COMMITTEE ON APPROPRIATIONS, U.S HOUSE OF REPRESENTATIVES

INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN
February 6, 1995

The Interstate Commission on the Potomac River Basin (ICPRB) welcomes the opportunity to submit this statement in support of its request for a federal appropriation of $524,000 for Fiscal Year 1996.

A federal investment in the programs of ICPRB is money well spent for the Potomac region and the nation. As you become familiar with the Commission and its goals through the material presented in this statement, we feel that you will recognize the ICPRB as an exercise in good government--inclusive, cooperative, and responsive to the needs of the residents of the Potomac basin, including the Nation's Capital, and the federal and state agencies that serve them. Projects in which the Commission is involved also have the potential to affect areas beyond the basin. This has been accomplished through the Commission's partnerships established at all levels of government--partnerships that have accomplished results with efficiencies that could not have been otherwise attained. These cost-effective, innovative solutions to water quality and resources problems have been transferred to other regions with similar concerns.

In fact, the ICPRB, an interstate compact commission approved by Congress in 1940, was formed to address water quality problems using some of the concepts being discussed by Congress today--an emphasis on streamlined, efficient, responsive solutions to problems that do not increase the regulatory burden. At the Commission's inception, the Potomac River and its tributaries had suffered much abuse throughout the five signatory jurisdictions that comprise the basin (the District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia). Acid mine drainage had rendered hundreds of miles of West Virginia and western Maryland streams lifeless. Soil erosion clouded waterways draining agricultural lands in Pennsylvania, Maryland, and Virginia. The Potomac that flowed just a few miles from the Capitol was vile with sewage, and a breeding ground for disease. The problem was not a new one, as Abraham Lincoln was said to spend humid summer nights away from a White House steeped in the stench from the river.

Officials of the Potomac basin states and your predecessors in Congress realized that bringing the river back to health would require the cooperation of many governmental bodies and the support of the citizens they represented. Their vision, that the quality of waters should be dealt with on a watershed, rather than a jurisdictional basis, is a concept that has recently returned to favor because of its effectiveness. They created an organization, *nonregulatory* in nature, that could serve as a way for states to *cooperatively* find the best solutions to pressing water quality problems. Without adding new layers of regulation, the ICPRB has fostered cooperation among the states and the many federal interests in the basin and helped avoid unnecessary duplication of effort or overlap of resources. Commission efforts also have succeeded through consensus-building in a way that promotes citizen involvement in the decision-making process in their local watersheds. In addition, years of partnerships with a wide range of agencies have garnered a reputation for high-quality work that has created a demand for the Commission's expertise.

Commission projects for the coming year are presented in Attachment II to this document. Several areas of Commission involvement are highlighted here as examples of efforts to address problems through nonregulatory partnerships that promote efficiency and cooperation.

Metropolitan Washington, D.C., Water Supply

The Potomac River is the major source of supply for the three water suppliers (the U.S. Army Corps of Engineers Washington Aqueduct Division serving the District and parts of Virginia, the Fairfax County Water Authority serving Northern Virginia, and the Washington Suburban Sanitary Commission serving the Maryland suburbs) that provide the bulk of the metropolitan area's potable water. Growth and development pressures risked a wasteful, competitive struggle for control of this water supply. (Current summertime water demand can exceed the river's historical low flow by more than 100-million gallons per day.) Acting without the "stick" of regulatory authority, ICPRB led the federal, state, and local jurisdictions in forging a cooperative regional approach to water supply management that has assured a reliable supply of raw water for the metropolitan area. These governments and utilities used the ICPRB Compact to create the ICPRB Section for Cooperative Water Supply Operations on the Potomac (CO-OP). Under CO-OP, these entities agreed to joint operation and management of the resource. Through CO-OP research and the agreement of the utilities, operating rules were established that eliminated the need to construct 15 major reservoirs recommended by the U.S. Army Corps of Engineers.

During periods of low flow, CO-OP coordinates the operation of the metropolitan area water utilities, allocating water and coordinating reservoir releases to assure a reliable supply of water while maintaining flow for aquatic habitat. Drought preparedness is maintained through an annual drought simulation exercise. In addition, CO-OP continues to coordinate regional water supply planning, including long-term demand forecasting, and analysis of future sources of water supply. Attachment II (Water Supply/Water Resources) describes several incidents illustrating the Commission's ability to collaborate with diverse groups and share its expertise in addressing water management problems. Following a 1993 fuel spill from a ruptured pipeline that threatened metropolitan area water supplies, the Commission has participated in a risk assessment quality team sponsored by the federal Office of Pipeline Safety (OPS) and the American Petroleum Institute. The Commission also is providing input for the New Jersey Institute of Technology's ongoing Pipeline Infrastructure Study, sponsored by OPS.

Another example of the Commission's role as an innovative partner came after a 1993 breakdown in the filtration process at a metropolitan Washington treatment plant. In addition to the technical problems, there was a breakdown in regional emergency notification plans and coordinated communications among affected government agencies. A review resulted in a cooperative effort among regulators, managers, and water suppliers from all levels of government to revise, update, and coordinate the emergency plans. The ICPRB CO-OP was deeply involved in creating a streamlined, coordinated notification and communication process by drawing upon its own procedures and regular exercises.

Chesapeake Bay Program

The Chesapeake Bay is a recognized national treasure whose troubled waters are the focus of intense federal/state/local restoration efforts. The ICPRB, especially well-suited to efforts based on watershed-based problem solving, is an important part of the program. The best example of this work is the nutrient reduction strategy agreed on by the U.S. Environmental Protection Agency (EPA) the participating states (Maryland, Virginia, Pennsylvania) and the District of Columbia. The goal, to reduce nutrient loadings by 40 percent in each major Chesapeake tributary watershed, is perhaps the program's most-important to date. As the second-largest bay tributary, the Potomac (with a basin shared by all four jurisdictions) presents special challenges. The ICPRB is working with these jurisdictions to coordinate their efforts into a single strategy for the Potomac basin. The work includes technical studies and analysis for each jurisdiction, as well as keeping all of them informed of overall progress. The Commission has developed options for each of the jurisdictions using innovative analytical methods that help the states determine the efficiency and cost effectiveness of a wide range of options. This research also has been used by researchers in other Chesapeake basins, including the Patuxent and Susquehanna watersheds. The Commission also is directly involved in many of the bay program's work groups and subcommittees. Along with a public information effort to encourage citizen education and involvement, the work highlights many of the methods mandated in the Commission's compact providing interstate, basin-wide coordination, stimulation of federal and state action, basin-wide water quality evaluations, liaison with citizens and government groups, and provision of technical services and expertise.

Watershed Restoration

Several areas of the basin are the object of specialized, multi-disciplinary efforts at watershed revitalization. The North Branch Potomac watershed is an especially challenging area. The region has suffered greatly from streams acidified by mostly abandoned coal mining operations, leaving hundreds of miles of streams severely impacted and in some cases, lifeless. The region's waters also were heavily stressed from industrial uses, the majority of which have been closed for a decade or more. The watershed suffers not only from acid mine drainage, but from the economic vacuum left by the closed industries.

Water quality has greatly improved in parts of the watershed. The Jennings Randolph Reservoir, operated by the U.S. Army Corps of Engineers, has greatly eased acidic impacts downstream.

Other areas have benefitted from mine remediation efforts by the federal and state mining bureaus, the mining industry, and ICPRB. The Commission is working with the states of Maryland, West Virginia, and several federal agencies to create an environment that fosters economic growth through water quality and related improvements. Planned establishment of a world-class trout fishery and related recreational enhancements could create a strong tourism industry for the region. The Commission has played a key role in creating a multi-state and federal structure to forward the goal of a sustainable fishery, along with other forms of recreation, including hiking and whitewater rafting. The Commission was instrumental in establishing agreements between the governors of Maryland and West Virginia that established a task force to work with all levels of government and the public to steer efforts toward these goals.

Some management challenges in the North Branch watershed are of a different nature, but still respond to the formation of partnerships for their solution. One such case is Evitts Creek, which flows from Pennsylvania into Maryland, meeting the North Branch Potomac at Cumberland, Md. Reservoirs located in the Pennsylvania portion of the stream provide the potable water source for Cumberland. The reservoirs have been impacted by algae growth, probably from agriculture, forestry, and other impacts that have caused increasing water treatment problems for the Maryland town. The Commission has been working with the two states and local governments to develop a cooperative management plan that will protect water quality in the reservoirs and address recreational use. The ICPRB is reviewing potential impacts, possible remedies, and helping to establish relationships between the affected parties that will result in a management plan to improve water quality in the Evitts Creek watershed and the North Branch.

The ICPRB also is a lead agency in restoration efforts for the Anacostia watershed, a metropolitan Washington Potomac tributary. The ICPRB is one of more than 60 local, state, and federal agencies involved in a unique effort at comprehensive restoration of a heavily polluted urban waterway. The Commission's duties include technical studies regarding nutrient transport, non-point sources of pollution, toxics loadings, biological restoration, and other issues, as well as keeping the public informed and active in the restoration effort. The Commission's public outreach program has reached more than 60,000 watershed residents, recognizing that a successful revitalization effort will require strong support from the watershed's residents.

Many other Commission programs are aimed at basin-wide restoration or research efforts. The Commission works in partnerships with all the state governments in the basin and the many federal agencies with various regional duties. For example, the Commission will be working with the Texas Agricultural Experiment Station and the Natural Resources Conservation Service in the Potomac basin as part of a national effort in regional hydrologic modeling.

Planning

As noted with the Anacostia, the success of many programs, both environmental and developmental, rely on vigorous public interest and support. When the decision-making process of government is citizen-inclusive, the end product is more likely to be considered an overall success. Over the past several years, the Commission has attempted to foster its policy of inclusion throughout the basin with its Potomac Visions project. The project seeks to provide the necessary tools for interested citizens and groups to work with government in helping guide development and preservation efforts locally. The effort has produced a video on the Potomac's environmental heritage, a report highlighting locally driven watershed management, and a directory of government agencies and citizens groups throughout the Potomac watershed. Those interested in watershed protection and development issues can use the directory to identify government agencies concerned, and network with other public and private groups. A recent Commission report highlighted findings of the effort.

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The benefits brought to the federal, state, and local jurisdictions through ICPRB efforts are numerous. The Commission has worked since 1940 to coordinate the interests of these jurisdictions and the public on chronic and emerging problems to provide efficient, inclusive, nonregulatory solutions to protect and preserve the water quality and related land resources of the Potomac River basin. The federal contribution to this agency allows for progress that could not be attained by any one jurisdiction. The ICPRB has helped eliminate duplication of effort by the states and has achieved solutions to watershed problems that have been used by others outside the region, providing a good return on federal dollars. We appreciate the continued support of the Congress in fulfilling our duties mandated in the compact creating the Commission.

ATTACHMENT I

BUDGET JUSTIFICATION MATERIAL

INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN

Proposed Expenditures for Fiscal Years 1995 & 1996
($000)

Expenditure Categories	FY 1995	Estimated FY 1996
Personnel Salaries & Benefits	$ 1,210.	$ 1,259.
Rent, Office Expense, Travel, Publications, etc.	368.	384.
Consultants & Contracts	560	561
TOTAL Expenditures	$ 2,138.	$ 2,204.
TOTAL Staff	21	21

***

Proposed Contributions & other Projected Income for FY 1995 & 1996
($000)

Income Source		
Signatory States		
District of Columbia	$ 48.	$ 49.
Maryland	108.	112.
Pennsylvania	33.	34.
Virginia	104.	108.
West Virginia	37	39
Subtotal, States	330.	342.
Direct U.S. Appropriation	511.	524.
USEPA Annual Program Grant, Sec.106 Fed.Clean Water Act	160.	160.
CO-OP Contribution from Water Util.[1]	230.	239.
Other Sources (Spec. Proj's, Int., etc.)	907	939
TOTAL Income	2,138.	2,204.

(1) Washington Suburban Sanitary Commission (MD), Fairfax County Water Authority (VA), and the District of Columbia thru the Washington Aqueduct Division, COE.

Attachment II

INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN

History

The Interstate Commission on the Potomac River Basin (ICPRB) was created with the Potomac Basin Conservancy Compact of 1940 by the signatory bodies: the commonwealths of Virginia and Pennsylvania, the states of Maryland and West Virginia, and the District of Columbia. The 1940 Compact was developed for the purpose of controlling pollution in the Potomac drainage area and was approved by Congress on July 11, 1940. The signatory bodies later ratified amendments to the Compact, broadening the Commission's coordination, investigation, and education responsibilities to include "development, utilization and conservation of the water and associated land resources of the basin." The Congress approved the amendments with the passage of Public Law 91-407 on September 15, 1970. Members of the Commission are appointed by the Chief Executive (Governor or Mayor) of each signatory body according to provisions of its ratifying statute and by the President for the federal government.

Service Area

The service area covers the 14,670 square miles of the Potomac drainage basin, encompassing all of the District of Columbia and parts of Maryland, Pennsylvania, Virginia, and West Virginia, including several thousand square miles of national parks and forests, military installations, and other federally-owned lands. Basin population is 4.58 million people.

Organization

All ICPRB responsibilities under the Compact are vested in the Commission and administered by the Commissioners (three commissioners plus alternates from each of the four states and the District of Columbia, and three Commissioners from the federal government) through an Executive Director and staff located in Rockville, Md. The Commissioners meet quarterly to carry out policy direction and other responsibilities. Between quarterly meetings, this function is vested in the Executive Committee, composed of one member from each jurisdiction.

Work Programs and Related Projects

The ICPRB initiates projects to address specific issues of interest to one or more of the signatory states. The ICPRB staff also contribute to interagency and inter-jurisdictional committees formed to resolve problems that affect resource management and water quality in the Potomac basin. Projects are supported with ICPRB funds, or through a combination of ICPRB funds and project-specific funding from individual states and the federal agencies.

The work of the Commission falls under four major categories: water supply/water resources, water quality, living resources, and public information and education. A description of projects within these categories is presented as follows:

WATER SUPPLY/WATER RESOURCES

Metropolitan Water Supply

Within ICPRB, most of the water supply functions are carried out by the Section for Cooperative Water Supply Operations on the Potomac (CO-OP). The CO-OP was created by the signatory states in 1978 with the support of the Washington, D.C., metropolitan water utilities[1] in order to institutionalize the cooperative allocation of Potomac River water during low flow periods.

The CO-OP coordinates of the Potomac Water Supply Coordination Agreement signed on July 22, 1982. The Agreement commits the three major water suppliers to joint cooperative utilization of the regional water resources to maximize municipal water supply reliability for the Washington Metropolitan Area (WMA) while maintaining Potomac River instream flows to protect water quality and aquatic habitat. The operation of both water supply reservoirs in the lower basin, as well as upper basin reservoir storage that is jointly owned by the water suppliers, is closely coordinated and integrated with reservoir operations for flood control, recreation and water quality purposes on the Savage River and the North Branch Potomac River.

The CO-OP has developed and continues to refine coordinated operation among the three major WMA water suppliers. Cooperative operating activities include forecasts of both streamflow and water use, as well as operating recommendations to assure reservoir refill, maintain environmentally based instream flows, and assure cost-effective operation. The CO-OP's coordination of joint water resource operations has enabled the WMA water supply utilities to forgo construction of additional reservoir storage in the Potomac basin until well after the year 2000, substituting interstate cooperation for construction. The resulting savings in construction costs have been estimated to exceed $350 million based on the best alternatives identified in earlier proposed plans. In addition to this substantial cost savings, the largely non-structural solution to meeting the WMA water supply needs has satisfied the region's demands without requiring any water use restrictions such as those that have been imposed on water uses in the Delaware River and other sources in the eastern United States.

To maintain the reliability of the region's water supply, ICPRB CO-OP prepares periodic long-term water demand projections and assessments of resources to meet those demands. An annual drought exercise is conducted each summer to maintain drought preparedness and to test water resource operating procedures developed and maintained by CO-OP. Staff from the U.S. Army Corps of Engineers and the major WMA water suppliers participate in the two-week-long CO-OP exercises. The CO-OP has the further responsibility of protecting instream biological habitat by forecasting the need for low flow augmentation releases and allocating existing withdrawals to assure that regionally determined instream flow targets are satisfied downstream of water supply intakes. The CO-OP also is working with the regional water suppliers in the appraisal of new sources and the optimal sizing of rehabilitated water treatment works. The CO-OP Section is representing the WMA water suppliers' significant interests as partners with local, state, and private sector interests in the U.S. Army Corps of Engineers' reallocation study of Jennings Randolph Reservoir.

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[1] Washington Suburban Sanitary Commission (MD), Fairfax County Water Authority (VA), and the Washington Aqueduct Division, U.S. Army Corps of Engineers (DC)

In March 1993, a ruptured Colonial Pipeline petroleum transmission line spilled over 400,000 gallons of diesel fuel into Sugarland Run (a Virginia tributary to the Potomac River) just upstream from the WMA water supply intakes. Although the spill shut down the Fairfax County Water Authority's Potomac River treatment plant for more than two weeks, high streamflows prevented closure of most of the area's plants. Since that accident, CO-OP Section has undertaken activities to address the long-term risk of such an accident recurring. The Commission is a member of a unique Risk Assessment Quality Team, jointly sponsored by the Office of Pipeline Safety (OPS) and the American Petroleum Institute (API). The team is charged with characterizing the current use of risk assessment and risk management within the pipeline industry, and recommending methodologies, concepts, and strategies to promote the use of risk assessment and risk management by government and industry to achieve the common goals of a safer and more efficient pipeline system. The Commission also is part of a team of environmental experts providing input to the New Jersey Institute of Technology's ongoing Pipeline Infrastructure Study, sponsored by the OPS.

Following a December 1993 breakdown in the filtration process at the WMA Dalecarlia treatment plant, EPA issued a "boil water" alert for the service area. This incident highlighted a breakdown in the regional plans for emergency notification and coordinated communication. The resulting review resulted in a cooperative effort between regulators, managers and water suppliers from federal, state, and local governments, to completely revise and update the region's emergency water supply plans. A revised regional plan was developed to anticipate both treatment and distribution system emergencies, such as the boil water alert, as well as river-wide emergencies that could effect multiple utilities, such as the Colonial Pipeline Spill. Throughout this process, CO-OP served as the chair of the utilities subcommittee, representing the region's water suppliers and distributors as well as local environmental managers.

The unique cooperative and largely non-structural approach to regional water supply planning and management implemented through CO-OP continues to serve as a model for resource development in other areas. The CO-OP regularly shares its approach to cost-effective, non-structural management with water resource managers nationally and abroad. The ICPRB Toxic Spill Model of the Potomac River and major tributaries (described under Water Quality) is used to estimate time of travel when dangerous materials are spilled or accidentally discharged into the river. Staff often play an important role in notifying water suppliers in the several states along the river in the event of a contamination incident.

Reallocation of Storage

ICPRB is a significant participant in the Baltimore District of the U.S. Army Corps of Engineers study of water storage in Jennings Randolph Lake. The Commission is responsible for the low flow hydrologic analysis, simulation of water supply operating rules, and demographic studies in this multi-year project. The study will determine the feasibility of reallocating flood control storage for consumptive use as cooling water for both electrical power generation and solid waste incineration, as well as municipal water supply.

Shenandoah Water Use Model

The Commonwealth of Virginia recently adopted a comprehensive Surface Water Management Act, allowing the designation of "Surface Water Management Areas" for the protection of instream values. The ICPRB is working with the Virginia Department of Environmental Quality to develop a hydrologic model of water use for the entire Shenandoah River basin. This ongoing effort allows both local and cumulative impacts of current and proposed surface water withdrawals to be quantified and evaluated. This project is a direct extension of modeling technology transferred to Virginia as part of the Commission's participation in the U.S. Army Corps of Engineers' National Drought Study.

Consumptive Use Management

Recognizing the need to manage the Potomac's water resources on a watershed basis, ICPRB continues to provide technical analysis and information for supporting the management of consumptive uses in all of the basin states. In particular, ICPRB provides technical support to the State of Maryland for its consumptive use regulation. The regulation requires major water users on the mainstem Potomac and Maryland tributaries to secure alternative water sources or allow their withdrawals to be interrupted during periods of critical flow. It is intended to protect the substantial investment made by WMA utilities in upstream water supply storage while providing for the need of other users.

Flood Control in the Upper Potomac Basin

ICPRB continues to play a role in flood protection, planning studies, and levee design for the cities of Petersburg and Moorefield, W.Va. This region on the South Branch Potomac River was devastated by the flood of November 1985. The Commission has served as project sponsor for the project's feasibility study with primary responsibility for interior drainage analysis, flood warning and response plans, public information and local involvement, coordination of archaeological investigations, and regional economic analysis. The ICPRB will coordinate with the ongoing U.S. Weather Service - U.S. Department of Agriculture Natural Resources Conservation Service flood warning program and provide Petersburg and Moorefield with flood alert capabilities for use until levees are built. This project will lead to the protection of residential, commercial, and industrial areas in a region that is expected to continue experiencing economic growth.

C&O Canal National Historical Park

The National Park Service (NPS) has called upon ICPRB's hydrologic expertise to assist in managing historic resources and enhancing visitor safety in the Potomac River. The NPS has faced a serious problem in the Great Falls area of the Potomac River, where a number of drownings have historically been associated with changes in Potomac flows. The ICPRB produced a flow monitoring system to provide advance warning of subtle but critical increases in flow. Such flows become magnified in the narrow gorges below the falls and may trap visitors on rocks and islands in the river. The ICPRB has developed a computer-based warning system as one of the mechanisms to help the rangers at Great Falls manage the park under threatening conditions. ICPRB continues to provide technical assistance to the National Park Service to support these flow monitoring efforts.

Other Continuing Activities

The ICPRB is working with other investigators at the Johns Hopkins University to develop a framework of computer models and other techniques to investigate the potential effects of future climate uncertainty in the Potomac River basin. The Potomac was chosen because of the extensive analysis previously conducted on the demand for, and utilization of, its water resources.

The ICPRB continues to assist with administration and technical input and review of the National Drought Study being conducted by the Institute for Water Resources of the U.S. Army Corps of Engineers.

WATER QUALITY

Chesapeake Bay Program

In fiscal 1996, ICPRB's major water quality emphasis will be to assist the states and EPA in the implementation of Chesapeake Bay Program initiatives to reduce nutrient and toxic pollution in the Potomac River basin. Projects include technical studies on specific issues, and participation in Bay Program technical subcommittees (and other intergovernmental committees) charged with addressing water quality problems in the Potomac and Chesapeake watersheds. The ICPRB's contribution in technical studies and in intergovernmental committees is unique in that its area of responsibility crosses jurisdictional boundaries to include the entire watershed.

Recent water quality projects for the Bay Program have included contributions to the states' nutrient reduction strategies, and estimating the loadings of certain toxic substances to the Chesapeake Bay. In both efforts, ICPRB offered technical expertise on the issues as well as an interstate perspective. ICPRB contributions to the nutrient reduction strategies included: calculating unit costs and nutrient (nitrogen and phosphorus) removal effectiveness for point and non point source control practices; developing an optimization methodology in which competing objectives of cost, nutrient removal, and equity can be compared among strategy options; and coordinating the exchange of information among the states to improve consistency in the assumptions used by each state to develop its nutrient reduction strategy. The Bay Program has asked ICPRB to lead an intergovernmental committee to review all the nutrient reduction strategies as they are completed. The Commission also will be continuing its past work on developing strategies that are cost effective and equitable, and will be exploring the potential for cost savings with nutrient reduction trading (allowing states to "trade" nutrient reduction credits to achieve water quality goals at lower overall cost). The Chesapeake Bay toxics loading estimates compiled data from diverse state, federal, and academic sources and provided a basis for modeling of toxic cycling within the Bay. These are the first steps toward understanding the fate of contaminants in the Bay. Ultimately, this work will help determine where monies should be allocated to most-effectively reduce the impact of toxics.

Nutrient Reduction Strategies for Susquehanna and Patuxent Basins

Drawing on the Commission's expertise, Maryland and Pennsylvania have requested ICPRB's assistance in developing comprehensive nutrient reduction strategies for the Patuxent and Susquehanna River basins. Although the Commission is playing the central role in coordinating the development of the Potomac River basin nutrient reduction strategy, the States have indicated their desire to use the analytical techniques developed by ICPRB for other Chesapeake Bay watersheds. The development of watershed-scale nutrient management strategies is a complex problem in which regional considerations of equity and political feasibility need to be balanced against technical feasibility and cost. The ICPRB has developed a decision-making framework to identify cost effective nutrient reduction strategies for the Bay tributaries. This framework integrates the technical alternatives for controlling both point source and non-point source pollution throughout a watershed with the programmatic and political constraints that guide these complex policy decisions.

Urban Non-Point Pollution

As the focus of water quality management increasingly turns toward non-point sources of pollution, the impact of stormwater runoff from urban and suburban areas is receiving greater scrutiny. The ICPRB is developing planning tools to improve the accuracy and quantify the uncertainty in estimated pollutant loads from urban stormwater runoff. In addition, the Commission is studying the long-term effectiveness of best management practices in removing urban pollutants from stormwater. Together this work provides an improved framework for evaluating both the cost-effectiveness and the uncertainty in mitigating non-point source pollution in urbanized areas. As a member of the Chesapeake Bay Program's Urban Workgroup, ICPRB works collaboratively with the states to cost-effectively address common management problems related to urban runoff.

Agricultural Non-point pollution

As part of a watershed approach to supporting regional water quality management, ICPRB is providing technical support in integrating field-scale and watershed-scale evaluations of agricultural sources of non-point pollution. ICPRB is working with state and federal agencies through the Potomac Headwaters Water Quality Project in West Virginia to identify opportunities to maximize the beneficial use of poultry litter while minimizing both local and downstream water quality impacts. In another cooperative activity, ICPRB is working with the Texas Agricultural Experiment Station and the Natural Resources Conservation Service in the Potomac basin as part of their national effort to develop regional water quality models.

Anacostia Water Quality Projects

The Chesapeake Bay Program has declared three areas of the Chesapeake Bay as "Regions of Concern" for toxic contamination: the Anacostia River, Elizabeth River, and Baltimore Harbor. At the 1993 Chesapeake Executive Council meeting, each jurisdiction with a Region of Concern (D.C., Va., and Md.) was directed to develop an action plan to address those problems related to toxics. Because of ICPRB's involvement in collecting samples and evaluating toxicity in the Anacostia, the District of Columbia requested ICPRB to write the District's Anacostia action plan. The action plan will include an assessment of the problems and alternatives for remediation for the District. Public participation is an important part of the assessment process. Public meetings and roundtable discussions will provide citizen assessment of the problems and alternatives.

Another Anacostia project will determine the volume of contaminated sediments in the tidal Anacostia River within the District of Columbia. Specific objectives of this project are: to determine the volume of recently-deposited sediments in the lower Anacostia River; to determine the concentration and volume of sediments with elevated levels of metal and organic contaminants; and to estimate the burial rate of these contaminants. These goals or objectives will support the Anacostia Regional Action Plan effort to determine cost-effective management options to reduce sediments and toxicity.

A related project will determine the transport of specific organic contaminants from the Anacostia watershed to the tidal Anacostia River. Specific objectives include: sampling of the Northeast and Northwest branches of the Anacostia River during base and storm flows; analysis of water samples for dissolved and particulate hydrocarbons, total PCBs, chlordane and DDT; and load estimates of organic contaminants to the tidal river. This project also will provide important information in support of the Anacostia Regional Action Plan.

The newly restored Kenilworth Marsh (on the southeast side of the Anacostia River) may be a net source or sink of nitrogen and phosphorus to the Anacostia River. In addition to making these determinations, this project will examine seasonal transformations of the different nitrogen and phosphorus species as they are cycled within the wetland. This information will help our understanding of the role of wetlands in trapping or recycling nutrients within the Bay ecosystem.

Evitts Creek Watershed in Pennsylvania and Maryland

Evitts Creek is a tributary that begins in Bedford County, Pa., and joins the Potomac River near Cumberland, Md. The Pennsylvania portion of the watershed contains the water supply reservoirs and treatment plant for the city of Cumberland. In recent years, the water quality of the reservoirs has deteriorated and become increasingly difficult to treat to acceptable standards. The degradation in raw water quality has been attributed largely to agricultural and forestry activities and failing on-lot septic systems in the catchment area of the reservoirs. The ICPRB is a member and active participant in the Evitts Creek Watershed Steering Committee, recently formed to address water quality issues. The Committee is a partnership of local government and private representatives voluntarily addressing their mutual, and sometimes conflicting, concerns in the use of the watershed and the reservoirs. The ICPRB staff are playing a major role in developing a restoration plan for the watershed and in identifying cooperative funding sources to target and implement best management practices (BMPs). A framework for assessing the most appropriate nutrient and sediment management practices currently is being developed by ICPRB to support resource targeting in the restoration of this watershed. This framework will assist in the most cost-effective use of limited funding to establish nutrient and sediment control practices. These remedies will then be cost-shared by land owners.

Toxic Spill Management

ICPRB continues to maintain and operate the ICPRB Toxic Spill Model for Potomac environmental and water supply management. The toxic spill model simulates the transport of a pollutant from its entry point on the river to points of particular concern downstream (areas of environmental sensitivity and municipal water intakes). When spills occur, the model is run and the estimated time of arrival of the pollutant at points downstream are passed on to state emergency response officials. These officials in turn pass the information on to water plant operators and environmental resource managers for appropriate action such as closing water intakes and adjusting treatment procedures. Several recent spills in rivers within and outside the basin underscore the value of this tool.

Numerous opportunities exist for accidental spills of toxic materials to enter the Potomac system on the main stem or one of the tributaries and temporarily threaten drinking water intakes. The risk of an accident is real--diesel fuel, raw sewage, and other materials have spilled into the river and been of sufficient concern to require use of the model to estimate time of travel to water supply intakes. Although, in most cases, the small quantities spilled or the long distances to intakes have minimized risks, the March 28, 1993 oil pipeline leak in Fairfax County caused an exceptionally serious threat to the WMA water supplies.

Acid Mine Drainage Wetland Treatment System

The North Branch Potomac River is a rugged and scenic watershed that is severely impacted by acid drainage from abandoned coal mines. As part of an interstate, interagency effort to restore the North Branch, ICPRB is working with the U.S. Bureau of Mines, the Maryland Bureau of Mines, the Maryland Department of the Environment, the Garrett County Sanitary District and the WESTVACO Corporation to develop wetland treatment systems to mitigate the impacts of acid drainage from abandoned mines. The use of wetland treatment systems in conjunction with an anoxic limestone drain provides a cost-effective passive treatment system to mitigate acid mine drainage at its source. This cooperative effort will demonstrate innovative passive treatment technologies that can be transferred to the many similar problem sites throughout the region and beyond. It also supports research into cost-effective innovative solutions to abandoned mine drainage by advancing the understanding of passive treatment processes and methods.

Pennsylvania Water Quality Monitoring

The ICPRB, working with the U.S. Geological Survey (USGS), operates nutrient and sediment monitoring stations on the upper Monocacy River and on Conococheague Creek. The stations are designed to monitor high storm flows, the period when most of the annual load of nutrients and sediments is transported. The objective is to collect data for the Pennsylvania Department of Environmental Resources (PA DER) to estimate annual loads of nutrients and sediments. This information will provide a baseline for PA DER to assess progress in reducing nutrient and sediment pollution from the Pennsylvania portion of the Monocacy and Conococheague watersheds. In this partnership, USGS collects and analyzes water samples and ICPRB analyzes the data and calculates annual loads for Pennsylvania.

Greenbelt Park Watershed Restoration

The ICPRB is providing technical assistance and management to the U.S. National Park Service (NPS) in developing and implementing a plan for the restoration of the Greenbelt Park watershed within the Anacostia River sub-basin. Working with the Park Service, the State of Maryland and Prince George's County, ICPRB is implementing appropriate practices to control stream bank and channel erosion caused by stormwater runoff in Greenbelt Park (a large National Park Service property within the Washington metropolitan beltway). Water quality also will be improved through the implementation of mitigation practices to control soil erosion and stormwater runoff within the park, including the construction of a stormwater wetland planned by ICPRB. The ICPRB also identified a range of stream and watershed restoration projects suitable for citizen volunteers, and is working with the NPS to integrate volunteer projects in an overall watershed restoration plan.

Potomac Watershed Studies

The ICPRB will continue a multi-year project, begun in 1994, to assess the status of water quality and aquatic living resources throughout the basin. This study will be based on existing monitoring information already produced by the states and federal agencies. The objectives will be to produce a basin-wide view of water quality status and problems and to attempt to correlate water quality with the status of living resources.

LIVING RESOURCES

North Branch Potomac Recreational Fishing Industry

The ICPRB is a party to the 1993 North Branch Potomac River Water Quality and Recreation Improvement Agreement and is a member of the Task Force implementing its purposes. The agreement, signed by Maryland, West Virginia and ICPRB, builds upon the improved water quality in the basin resulting from operation of the Jennings Randolph reservoir and the mine drainage abatement activities of the regulatory agencies and the mining industry. The improved water quality is evidenced by the return of naturally reproducing trout populations after a 100-year absence. The Agreement is intended to promote creation of a world-class trout fishery and other recreation opportunities to bolster the depressed economy of the region. Components of the implementation strategy will include increased mine drainage abatement, appropriate control over riparian land along the tailwaters of the Jennings Randolph reservoir, and improving public access.

Anacostia Restoration

The ICPRB has played a key role in defining the direction of the nationally recognized Anacostia River restoration efforts of Maryland, the District of Columbia, the U.S. Fish and Wildlife Service (FWS) and the U.S. Army Corps of Engineers. The ICPRB conducts biological and habitat assessments of the Anacostia River's migratory and resident fishes and makes stream-specific recommendations for habitat and/or water quality improvements to the Anacostia Restoration Committee. The ICPRB conducts a summer Conservation Program for area youths that has helped restore miles of urban streams by removing many tons of trash and debris, protecting eroding streambanks with log containments and vegetative cover, and reconstructing degraded habitats.

Potomac River Watershed Visions Project

The Potomac River Watershed Visions Project goal is to interest and empower citizens in creating a vision of their local watershed and to provide tools necessary to make that vision a reality. The project is based on the recognition that federal, state, and local government water resource and water quality programs need to be supplemented by local citizen and business efforts to achieve maximum benefits. The program has identified citizen groups and businesses within the Potomac basin that are motivated toward enhancing and protecting the quality of local watersheds. The project seeks to help these groups define aesthetic and environmental qualities that are important to them, identify the problems that must be solved to realize their vision, and then locate tools available to help implement these projects. These tools include other groups, government agencies, and potential funding sources. Projects undertaken on this local level include improvements to water quality, living resource habitats, and recreational amenities.

Potomac River Living Resources Monitoring Plan

The Potomac River Living Resources Monitoring Plan (PRLRMP) creates a framework for an integrated monitoring program by coordinating the ongoing programs of various federal, state, and local agencies. A second purpose of the PRLRMP is to encourage researchers and managers to explore large-scale and long-term trends in the Potomac River's biota and relationships between living resources, habitat, and water quality. The ICPRB and a task force of scientists and resource managers working on the Potomac estuary drafted the plan in 1989.

The ICPRB has taken the lead in implementing the PRLRMP and tracking its progress. More importantly, ICPRB is creating long-term, integrated databases combining biological and physical/chemical information and using them to develop and test environmental indicators of the health of the Chesapeake Bay. The ICPRB will lead teams of scientists and resource managers in the next 2-3 years in performing integrative analyses on the databases. The teams will help assess the state of the Potomac River aquatic communities and determine concurrence between biological and chemical assessments.

Migratory Fish Passage

The ICPRB is helping to provide fish passage at: the Little Falls Dam located in the Potomac River just upstream from Washington, D.C.; Anacostia River tributaries; and barriers along Rock Creek. Through these three efforts, ICPRB assists Virginia, Maryland, the District of Columbia, the U.S. Army Corps of Engineers, the National Park Service, the National Biological Survey, the U.S. Fish and Wildlife Service, and the National Fish and Wildlife Foundation. This work supports the mandates in the Chesapeake Bay Restoration Agreement to improve fisheries through removal or modification of blockages to migration. Successes include opening three major tributaries in the Anacostia River, arranging for the FWS Conte Research Laboratory at Turners Falls, Massachusetts to test proposed fish passage alternatives for use at the Little Falls Dam, developing a monitoring and stocking program for American shad stocks, and work in process to remove two fish barriers in Rock Creek in the District of Columbia.

PUBLIC EDUCATION AND INFORMATION

Public outreach is a mandated Commission function based on the Compact's directive to "disseminate to the public information [on]...stream pollution problems..." The Commission stated in 1947 that "Any [pollution abatement] program...cannot be successfully carried on unless the public at large is acquainted with the objectives and aims which are proposed and public interest aroused in the work." This attitude is equally relevant today, with a national emphasis on finding efficient, non-regulatory, publicly supported solutions to problems while decreasing the regulatory burden.

The ICPRB *Potomac Basin Reporter* is instrumental in serving this purpose. The newsletter is a valuable tool for informing the public and private sectors and government agency personnel about Potomac basin water resources, quality, and living resource issues. The *Reporter* describes efforts of the Commission and the host of other federal, state, and local agencies working in the basin, and provides a transfer of ideas that may be put to use in various parts of the watershed. Published since 1945, the Reporter now reaches 18,000 people six times per year.

The Commission also publishes technical reports each year on the projects and studies undertaken. They are distributed to other researchers and interested public. In addition, a library of more than 5,000 volumes of historical and current water resources and water quality topics is maintained for public access. The library is used regularly by students, researchers, and government personnel. Public meetings and conferences have been held since the 1940s. Government officials, students and the public also use the Commission as an information resource via telephone or letter. More than 2,000 inquiries per year are fielded by Commission staff. The Commission also provides river information through summertime public service announcements that are broadcast over more than a dozen radio stations throughout the basin. That effort has continued over the past 15 years.

The Anacostia Watershed Public Education and Participation Program is of particular interest as part of one of the most ambitious urban stream restoration programs in the nation. In the watershed restoration effort, the Commission shares tasks with more than 60 agencies engaged in the effort, including the lead water quality/natural resources agencies of the state of Maryland and its counties, Montgomery and Prince George's, the District of Columbia, and the U.S. Army Corps of Engineers. The innovative program centers on sub-basin coordinators, who work to educate and involve residents and businesses in each area in stream restoration and protection efforts. Using the coordinators, along with various publications and other educational materials, the program has reached more than 60,000 people since it began in 1988. Like many successful efforts, the project relies heavily on a grassroots effort of informed and involved citizens to support and complement government efforts toward restoring one of the most polluted rivers in the basin, if not the country.

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OFFICE OF
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March 1, 1995

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STATEMENT OF KENNETH J. COLE, UNITED STATES COMMISSIONER SUSQUEHANNA RIVER BASIN COMMISSION, BEFORE THE SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT, COMMITTEE ON APPROPRIATIONS, IN SUPPORT OF THE FISCAL YEAR 1996 APPROPRIATION REQUESTS FOR SALARIES AND EXPENSES, OFFICE OF THE UNITED STATES COMMISSIONER, AND FOR THE FEDERAL CONTRIBUTION TO THE SUSQUEHANNA RIVER BASIN COMMISSION, MARCH 1, 1995

Mr. Chairman, I am Kenneth J. Cole, United States Commissioner to the Susquehanna River Basin Commission. I was appointed to this position by the President on June 9, 1994. It is a pleasure to appear before you today in support of the Commission's budget, the details of which are in the formal justification statement previously submitted to the Committee.

The first item is for $332,000 for salaries and expenses of the Office of the United States Commissioner. The increase from fiscal year 1995 for salaries and expenses stems from a congressionally approved pay increase for Federal employees; nominal increases in travel, rental payments to GSA and administrative cost that the Department of Interior assesses us for servicing our office.

The second item is for $360,000 for the Federal contribution to the Susquehanna River Basin Commission to cover the Federal Government's share of the cost of implementing the Susquehanna River Basin Compact.

Mr. Chairman, accompanying me today is Mr. Paul Swartz, the Commission's Executive Director. We will try to answer any of your questions now or in writing.

Thank you.

KENNETH J. COLE

Kenneth J. Cole represented the 91st Legislative District (Adams County) in the Pennsylvania House of Representatives from 1975 through 1992. His nine terms of service resulted in his appointment to a number of important leadership posts in the state House.

For 8 years he led Pennsylvania's seven-member delegation to the Chesapeake Bay Commission. In January of 1987 he was elected chairman of the tri-state commission; the first Pennsylvanian to hold that position. The Chesapeake Bay Commission coordinates the legislative efforts in three states to restore the water quality of the bay. Ken represented Pennsylvania on the Interstate Commission on the Potomac River Basin from 1976 to 1986.

From 1983-86, Ken Cole represented the 252 members of the Pennsylvania General Assembly on the governing board of the National Conference of State Legislatures, a national organization comprised of legislators from the fifty states.

Ken was chairman of the House Federal-State Relations Committee from 1983-1990.

During his nine terms he served as minority and majority chairman of the House Agriculture and Rural Affairs Committee as well as heading a special House task force studying Pennsylvania's export trade. He has served on special committees investigating contaminated drinking water and migrant worker education programs and was a member of a special legislative committee assigned to investigate the 1979 accident at the Three Mile Island nuclear facility. He was a member of the Military and Veterans Affairs, Business and Commerce, and Local Government Committees. He served as chairman of the Subcommittee on Health as a member of the Health and Welfare Committee.

Among his major legislative accomplishments were the creation and funding of the Pennsylvania Cancer Control Program, and legislation bringing Pennsylvania into the Chesapeake Bay Commission. His other legislative interests included: the preservation of agricultural lands, increased export trade (particularly agricultural exports), guaranteeing the safety of the state's drinking water and the continued improvement of the services provided by volunteer fire companies.

Ken Cole is presently serving as Assistant to the Speaker of the House of Representatives. Cole is a lifelong resident of Adams County. A former Congressional aide, he attended Gettysburg College and is a Korean War veteran having served in the U.S. Navy. He and his wife Marilyn reside in the Gettysburg area and are the parents of five children.

SUSQUEHANNA RIVER BASIN COMMISSION

March 1, 1995

TESTIMONY TO THE COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

by

PAUL O. SWARTZ

EXECUTIVE DIRECTOR

Susquehanna River Basin Commission: An Agency With A Mission

The Susquehanna River Basin Commission (Commission) is an agency with a mission. The essence of that mission is to enhance the public welfare in our signatory states through comprehensive planning and management of the water resources of the Susquehanna River basin.

To accomplish this mission, the Commission acts to reduce damages caused by floods; provide for the reasonable and sustained development and use of surface and ground water for municipal, agricultural, recreational, commercial and industrial purposes; protect and restore fisheries, wetlands and aquatic habitat; protect water quality and instream uses; and insure future availability of flows to the Chesapeake Bay.

The Commission is uniquely qualified to carry out this mission because, as a federal-interstate compact commission, its focus is defined by the natural boundaries of the river basin rather than the political boundaries of the states. As such, the Commission serves as a forum to provide coordinated management, promote communication among the signatory parties, and resolve water resource issues and controversies within the basin.

Funding Responsibility for the Commission

The Commission was created in 1971 as the result of a 100-year compact made by the federal government and the states of Maryland, Pennsylvania and New York. The compact entitles each of its four members to one vote (Π2.5) and states that "the amount required to balance the current expense budget...shall be apportioned equitably among the signatory parties." (Π14.3) Accordingly, budgets adopted by the Commission have historically provided for equal funding responsibility by each of its four signatory members. I am pleased to respectfully present our request of $360,000 for FY-96, representing the federal share of funding for the Commission.

How the Commission Represents Federal Interests

I've prepared my testimony today to highlight five areas in which the Commission represents federal interests:

- *The Commission manages water resources on a watershed basis and facilitates management of water resources without regard to the artificial barriers imposed by state boundary lines*
- *The Commission coordinates the programs and activities of federal agencies and others in order to achieve cost-effective solutions to environmental problems and derive maximum benefit from federal investments.*
- *Commission programs minimize damages and loss of life associated with flooding and minimize federal expenditures associated with flood damages.*
- *Commission activities support the goal of protecting and restoring the water quality of the Chesapeake Bay, a national treasure.*
- *The Commission manages water resources of interstate significance in partnership with state governments and provides continuity of federal interests in regional water management issues.*

The Commission manages water resources on a watershed basis and facilitates management of water resources without regard to the artificial barriers imposed by state boundary lines.

The Commission's institutional structure is unique in that it manages the water resources of the 27,500 square mile Susquehanna River basin on a watershed basis. Watershed management is widely recognized as the ideal way to plan for and regulate water resources, having been advocated both in amendments to the Clean Water Act proposed during the last session of Congress and in the Galloway Report, which recommends the reactivation of Title II river basin commissions. With a quarter century of experience in watershed management, the Commission's activities and accomplishments would not be possible by either the federal government or the Commission's member states alone.

Commission regulations establish uniform watershed based approaches to the management of ground-water and surface-water withdrawals, and to the consumptive use of water. These regulations are designed to help avoid conflicts among both intrastate and interstate users and to insure adequate supplies for all users, including instream users and the Chesapeake Bay.

The Commission has also adopted a comprehensive plan for the management and development of the water resources of the basin and the protection of the Chesapeake Bay. Based on the goals and objectives of this basinwide plan, the Commission formulates programs and carries out regulatory functions that have basinwide impact. The plan has real legal significance under the compact and is tied directly to the review of projects by the Commission. To be approved, a project must be compatible with the plan, thus standardizing approval criteria on a watershed basis rather than a political basis.

The Commission coordinates the programs and activities of federal agencies and others in order to achieve cost-effective solutions to environmental problems and derive maximum benefit from federal investments.

The electric generating facilities located in the Susquehanna River basin serve as good examples of the Commission's approach to water management. Our compact and comprehensive plan call for the Commission to both foster use and development of the basin's water resources and to protect of those resources for other uses. including the needs of the basin's aquatic resources.

As large consumptive users of water, that is water not returned to the basin. these facilities are required by the Commission to release water to the Susquehanna River during times of low flow to compensate for water lost through evaporation from their cooling towers. On behalf of these utilities. the Commission acquired water storage at a federal facility. Cowanesque Lake, located in Tioga County, Pennsylvania.

This arrangement is not only a "win-win" situation for the Susquehanna River and power companies. It is also a win for the federal government. since this purchase of water storage will result in $186 million being paid to the U.S. Treasury over the life of the project.

The Commission also signed a contract on September 30. 1994, with the Corps of Engineers for the "Planning. Engineering. and Design" (PED) phase to reformulate the Curwensville Water Storage Project on the West Branch Susquehanna River in Clearfield County. Pennsylvania. In addition to the Commission. two consumptive water users are participating in the PED. the Pennsylvania Electric Company (Penelec) and the Lancaster County Solid Waste Management Authority (LCSWMA). If the Commission and the aforementioned consumptive water users decide to proceed with construction, about 5,360 acre feet of water will eventually be placed into storage in a two staged process for release during periods of low flow and an additional $13 million will be paid to the federal government.

Other examples of the Commission's success as a coordinating agency with various federal and state agencies include the following:

1) In cooperation with the Corps of Engineers, Pa. Department of Environmental Resources and the Pa. Fish and Boat Commission, the Commission has undertaken cold water instream flow studies. The basic purpose of these studies is to determine water flow requirements to protect aquatic resources in different types of streams found in the Susquehanna River Basin. The first of their kind in the eastern United States, these studies, when completed, will enable the Commission to fine tune its consumptive use and surface/ground-water regulations;

2) The U.S. Geological Survey (USGS) and the Commission work closely together on several programs related to monitoring in the Susquehanna River basin, thereby avoiding duplication of program efforts. In FY-95 joint funding agreements with USGS will be formulated for nonpoint source monitoring, stream gage replacements, geographical information systems and stream gages maintenance costs; and

3) As mentioned earlier, a close working relationship exists between the Commission, the U.S. Fish & Wildlife Service and other federal and state agencies on fish restoration and related programs. The Commission provides office space (rent free) for the Coordinator of the Susquehanna Fish Restoration Program.

Commission programs minimize damages and loss of life associated with flooding and minimize federal expenditures associated with flood damages.

The extensive damage and loss of life in the mid-west floods in 1993 remind us that devastating flooding can occur anytime, and that has certainly been the experience in the Susquehanna basin. Tropical Storms Agnes and Eloise in June 1972 and September 1975 caused extensive flood damages and loss of life in the Susquehanna basin. More localized flooding has occurred a number of times since those floods. In both 1993 and 1994, there was great concern about the potential for major basinwide flooding, but due to a fortuitous combination of weather events, only minor flooding was experienced. In August 1994 severe, but localized flooding caused an estimated $6 million dollars in damage.

The Susquehanna River Basin is highly flood prone. Although it comprises less than 1 percent of the land area of the continental United States, the Susquehanna basin experiences 6 percent of the national average annual flood damages. The basin has experienced major flooding on the average about once every 20 years for thc last 180 years. Approximately 1,160 of the 1,400 communities in the Susquehanna basin are flood prone. The average annual flood damages in the Susquehanna basin are $113 million in 1993 dollars.

In 1984, a number of local interests expressed concern that the forecasts issued by the National Weather Service were neither accurate nor timely and thus were not effective in reducing damages and loss of life. Recognizing that advanced flood warning is a prudent and cost effective way to reduce the devastating effects of floods, the Commission began coordinating a program of improvements to the existing system. The coordination effort included preparation and submittal of a 1986 proposal for improvements and preparation of annual budget requests for ongoing funding to keep the improvements program in operation.

In cooperation with the National Weather Service and the U.S. Geological Survey, the Commission designed an updated and improved Flood Forecast Warning System for the Susquehanna River basin. Program elements include the installation of additional rain and stream gages, new computer systems, new and enhanced radar systems and an upgraded communications network to help provide more timely and accurate forecasts for the entire basin.

The Commission has also assisted with the development and implementation of goals for the Susquehanna River Flood Forecast and Warning Program. A public information program was conducted by the Commission to keep local interests informed of the status of the program. Last year we surveyed users of flood forecasts to determine their needs and expanded the public information program to promote interaction between the flood prone communities and federal and state agencies. I'd like to take this opportunity to thank members of Congress for the increased support you provided for this important program in FY-95.

Commission activities support the goal of protecting and restoring the water quality of the Chesapeake Bay, a national treasure.

Because it is a major source of water, nutrients and sediment delivered to the Chesapeake Bay, the Susquehanna River is critical to efforts to protect and restore the Bay. In 1984 the Commission implemented a comprehensive nutrient monitoring program in the Susquehanna River basin. I am happy to report that trend analyses of nutrient data collected from key monitoring sites during the past ten years show a reduction in nutrients for most stations.

However, further reductions are necessary to meet the goal of reducing nutrient inputs to the Chesapeake Bay by 40 percent by the year 2000.

The Commission has also played a key supporting role in the development of a Pennsylvania's strategy to meet 40 percent nutrient reduction. Specific responsibilities of the Commission included:

1) Analysis of alternatives to manage sediment in the Susquehanna River basin, including sediments deposited behind three hydroelectric dams in the lower Susquehanna River;

2) Cost/benefit analyses of various nutrient reduction strategies; and

3) Facilitating cooperation with New York State. One outgrowth of this effort was a nonpoint source pollution conference sponsored by the Commission in October, 1994 entitled, "Susquehanna Neighbors: Exploring New Connections," which gathered citizens of New York and Pennsylvania to address nonpoint source issues and to explore ways in which both states can work together in the interest of local water quality as well as the quality of the entire river system and the Chesapeake Bay.

Of course, the ultimate goal of the nutrient management and other programs is to restore and protect the living resources of the Chesapeake Bay and its watershed. The Commission is proud to have played a leadership role in restoring shad and other migratory fish to their historic spawning waters in the Susquehanna River.

Because of its responsibility to approve major water projects in the Susquehanna River basin, the Commission in 1978 acted to include provisions in its comprehensive plan calling for the restoration of runs of migratory fish to the Susquehanna River. These provisions played an important part in persuading the Federal Energy Regulatory Commission to include a requirement for construction of a fish passage facility as part of its relicensing of the Conowingo Dam.

The Commission was likewise proud to have played a leadership role in developing an agreement signed on June 1, 1993 with the licensees of three additional hydroelectric dams located upriver of the Conowingo Dam. The agreement calls for construction of fish passage facilities at two of the dams by 1997 and at the third by 2000. The fact that a record 32,300 shad were passed through the Conowingo fish lift in 1994 gives hope to the prospect of even larger numbers of shad and other fish having access to virtually the entire Susquehanna River after the facilities at Safe Harbor, Holtwood and Conowingo are completed in the next five years.

Other Commission activities relevant to the Chesapeake Bay are:

1) Development of a general strategy to study and manage the impacts of low freshwater inflows from the Susquehanna River on the water quality, salinity front, and living resources of the Chesapeake Bay; and

2) Evaluation of the use of constructed wetlands to mitigate high nutrient concentrations discharging from field drains on agricultural lands. Significant reductions in nutrients from shallow ground-water discharges were achieved by constructed wetlands and the potential for widespread use will be evaluated.

The Commission manages water resources of interstate significance in partnership with state governments and provides continuity of federal interests in regional water management issues.

The Commission provides an institutional mechanism for the continuity of federal interests and federal representation in regional water management issues in the face of changing state administrations. With new administrations in all three of the Commission's member states this year, the continuity provided by the Commission is a real and timely benefit.

As a federal-interstate compact agency, the Commission brings together the states and the federal government in a forum where all are on an equal footing as managers of the basin's water resources. A true partnership prevails over all of the Commission's deliberations.

One of the purposes of the compact is to remove causes of controversy. We have attempted to apply this principle not only in our handling of interstate water resources issues such as migratory fish restoration, but in our dealings with the regulated community. For example, rather than litigate an issue with a project sponsor, we make every attempt to work things out amicably and in a way that makes the project sponsor a partner in the management of the basin's water resources.

We did so this past year in a settlement agreement with Pennsylvania Power and Light Company on the application of our consumptive use regulation to its Montour Power Plant. Likewise, we are currently negotiating an agreement with the City of Baltimore on its increased pumping of Susquehanna River water from the hydropower lake at Conowingo, Maryland for distribution in the greater Baltimore area. Rather than adversarial relationships in which precious financial and human resources are squandered on law suits, we believe it is better to try to build partnerships with water users

Conclusion

In conclusion, the Commission serves a unique and important role as the guardian of the water resources of the Susquehanna River basin. Through its planning and management functions, the Commission balances and protects the needs of various water users--industries, agriculture, public water suppliers, recreational interests and power generators.

During the past quarter century, this small agency has been a quiet, but effective leader in a wide range of water management issues. The Commission has made, and continues to make, an important difference in the Susquehanna River basin. Because of the Commission, one of the nation's true natural resources will continue to be used and enjoyed by many future generations.

Thank you for the opportunity to submit this testimony. Your support of the Susquehanna River Basin Commission is appreciated.

ADDENDUM

This addendum provides additional information about activities of the Susquehanna River Basin Commission in 1994. Key issues the Commission concerned itself with are outlined and planning/administrative issues are highlighted.

SUSQUEHANNA RIVER BASIN COMMISSION

KEY ISSUES

Looking Back

In 1994, the Commission focused its energies on "big ticket" water management issues. Some of them, notably determination of Baltimore's "rights" with respect to withdrawals from the Susquehanna River and the Commission's regulation of consumptive water at PP&L's Montour Steam Electric Generating Station, are very complex issues which were not resolved in the past. Others are issues which test the Commission's resolve as a regulatory agency in an increasingly anti-regulatory political climate (omnibus revisions to the Commission regulations, Furman Foods/Point Township water supply).

Looking Ahead

Many of the key issues addressed by the Commission in 1994 will continue to require our attention in 1995. During 1995 we plan to finalize our strategic plan, conduct a water forum (May 18, 1995), participate in flood emergency drills (March and June) and conduct activities throughout the year leading up to observation of the Commission's 25th Anniversary in 1996.

KEY ISSUE:
OMNIBUS REVISIONS TO THE COMMISSION REGULATIONS

Issue in Summary:

The Commission's current regulations do not read as a coherent whole and our experience in administering them has revealed some serious flaws. The "omnibus revisions" to these regulations, the result of countless hours of input from commissioners, staff, advisory committees and the public, represent a significant improvement in the content and readability of the regulations.

Significant Actions in 1994:

- Following action to propose regulatory revisions in May, 1994, conducted eight public hearings (attended by 250 persons) in June and July (see p. 3).
- Responded to numerous comments from Congressmen, state legislators, interest groups and citizens; prepared summary and responsiveness document and revised regulations accordingly.
- Reconvened Ag Water Use Advisory Committee; held four meetings between August-November, 1994, to develop new approach (general approval) to regulating agricultural water use.

Status:

Final action planned at March 9, 1995 Commission meeting for omnibus regulations except consumptive use standards. Ag Advisory Committee briefed on this course of action at November 30, 1994 meeting. Explanatory letter sent to all Pennsylvania basin legislators offering a briefing early in 1995.

SUSQUEHANNA RIVER BASIN COMMISSION

1994 PUBLIC HEARINGS CONDUCTED ON OMNIBUS REVISIONS TO SRBC REGULATIONS

HEARING	DATE & TIME	LOCATION
Dallas Correctional Institution	Wednesday, April 20, 1994, 7:00 p.m.	Penn State University, Wilkes-Barre Campus, Lehman Township
Commission Regulations, Omnibus Revision	Thursday, June 23, 1994, 1:30 p.m. & 7:00 p.m.	Waterman Center, Apalachin, N.Y.
Commission Regulations, Omnibus Revision	Friday, June 24, 1994, 1:00 p.m.	Days Inn, Willliamsport, Pa.
Commission Regulations, Omnibus Revision	Tuesday, June 28, 1994, 10:00 a.m. & 7:00 p.m.	Pa. Game Commission Headquarters & Commission Headquarters, respectively, Harrisburg, Pa.
Commission Regulations, Omnibus Revision	Wednesday, July 6, 1994, 1:30 p.m. & 7:00 p.m.	Perryville High School, Perryville, Md.
Commission Regulations, Omnibus Revision	Thursday, July 14, 1994, 1:30 p.m.	The Tidewater Inn, Easton, Md.

KEY ISSUE:
BALTIMORE'S USE OF SUSQUEHANNA RIVER WATER

Issue in Summary:

The Commission's ability to regulate a very significant user of water from the Susquehanna River, the City of Baltimore, is being squarely addressed. This complex and sensitive issue has important consequences for the Commission's ability to manage water resources throughout the entire basin in the future.

Significant Actions in 1994:

- With assistance of outside counsel, prepared briefing documents re: the Commission's jurisdiction of use of Susquehanna River water by Baltimore/Harford Co.
- Discussed use of Susquehanna River water by Baltimore/Harford Co. and its regulation by the Commission with representatives of Baltimore City and Harford County on June 14, September 14 and December 5.
- Prepared resolution concerning above for discussion/action by commissioners at July 14, 1994 Commission meeting; decision made to pursue Memorandum of Understanding (MOU).

Status:

Negotiating sessions continue pursuant to the goal of developing an MOU between the Commission and the City of Baltimore.

KEY ISSUE:
CONSUMPTIVE USE REQUIREMENTS FOR PP&L MONTOUR STEAM ELECTRIC GENERATING STATION (SES)

Issue in Summary:

Whether or not a major consumptive user of water in the Susquehanna River basin (17 MGD) is subject to the Commission's regulatory authority was "laid to rest" in 1994.

Significant Actions in 1994:

- Extremely complex technical and legal issues were hotly debated at several meetings involving Commission staff and PP&L officials.
- After PP&L and the Commission researched their legal positions, a settlement agreement was developed and approved by the Commission at its September, 1994 meeting. PP&L agreed to make available significant quantities of stored water during low flow events and make a one time payment to the Commission.

Status:

An operations plan for the Montour SES is being developed and will be completed in early 1995.

KEY ISSUE:
WATER SUPPLY CONFLICTS IN POINT TOWNSHIP, NORTHUMBERLAND COUNTY (FURMAN FOODS)

Issue in Summary:

Water supply for industrial uses by Furman Foods and Viking Energy (Northumberland County, Pa.) conflicted with nearby domestic uses. Problems were addressed on a case-by-case basis requiring an inordinate amount of staff time. In November, 1993, the commissioners made known their desire for a long-term water supply solution in this area.

Significant Action in 1994:

- Following correspondence outlining the Commission's concerns, several options were developed by staff in consultation with Pennsylvania American Water Company and discussed with Furman management, area legislators and local officials.

- A public water supply option was agreed to by Furman and served as the basis for approval of Well No. 9 on July 14, 1994.

- Water lines were installed in September and October, 1994 by Pennsylvania American Water Company in the affected area.

Status:

Although the Commission's decided not to provide a loan to Point Township for hook-ups as requested by Furman, we are actively pursuing an alternative funding arrangement with the Borough of Northumberland.

KEY ISSUE: DETERMINING INSTREAM FLOW REQUIREMENTS IN THE SUSQUEHANNA RIVER BASIN

Issue in Summary:

One of the Commission's regulatory responsibilities is to deny or limit surface water withdrawals which can adversely affect fish, wildlife or other living resources or their habitat, or have substantial impact on the low flow of perennial streams. Q7-10 as the "trigger value" for the Commission's current consumptive use regulation has been criticized because it may not afford protection to instream uses.

Significant Action in 1994:

- In cooperation with Pa. DER, Pa. Fish & Boat Commission, and the Corps of Engineers:

  1) obtained funding and committed in-kind resources to undertake multi-year study effort;

  2) developed work plan to study instream flow needs of cold water streams in various physiographic regions of the Susquehanna River basin;

  3) collected and processed (a) habitat field data (165 out of 248 total data sets) in Pennsylvania and (b) adult, juvenile and spawning transferability field data for four streams in Pennsylvania.

Status:

Work activities for 1995 include the following:

1) complete habitat data collection and modeling for three regions (90 segments on 66 streams) in Pennsylvania;

2) complete transferability data collection and analysis for four streams in Pennsylvania; and

3) begin habitat data collection and modeling for streams in Maryland Piedmont.

KEY ISSUE: COMMITMENT TO PROTECTING & RESTORING THE CHESAPEAKE BAY

Issue in Summary:

The Commission's involvement in the Chesapeake Bay Program has increased significantly in recent years. The Bay Program represents the Commission's most significant water quality program.

Significant Action in 1994:

- Provided technical services to Pennsylvania in support of its nutrient reduction strategy (sediment management study, cost-effectiveness analysis, cooperative efforts with New York).
- Monitored nutrients/sediment throughout Pennsylvania portion of basin and performed trend analysis of historic monitoring data (10th year).
- Monitored toxics in the lower Susquehanna River.
- Participated in Chesapeake Bay committees, including Implementation Committee, Budget Steering Committee, Monitoring Subcommittee (chair), and Modeling Subcommittee.
- Conducted public hearing on non-indigenous aquatic species preliminary to incorporating it in our Comprehensive Plan.

Status:

One response to the Commission's strategic plan survey stated that the Commission is emerging as a significant player in the Bay Program. With the Bay Program's recent emphasis on the "tribs," we have an opportunity and responsibility to make more linkages between the Susquehanna River and the Chesapeake Bay. Our successful "Good Neighbors" conference held in Owego, N.Y. in October 1994 is a good example of how these linkages can be made. A proposal developed this year is intended to augment our long-term nutrient monitoring program with a biomonitoring program.

PLANNING/ADMINISTRATIVE ISSUES

Looking Back

A. Administration

Despite budgetary constraints, the Commission continued its commitment to upgrade its computers and computer capability in 1994. We earmarked $25,000 in FY-94 and $35,000 in FY-95 to purchase computer hardware and software. As a next step in developing our computer capability, we need to develop staff expertise in GIS applications. To be leaders in water management studies/activities in the future, we need to develop expertise with use of GIS.

In recent years, we have put more emphasis on training of Commission staff as an investment in the Commission's future. Training plans were developed for Commission staff in FY-93, 94 and 95, with increased funds allotted for training in each of those fiscal years.

In May and November 1994, numerous changes to the Commission's Organization Manual were approved, including a modest but significant reorganization of the Commission's staff. Among new policies approved were policies on parental leave, sexual harassment, and gifts and favors.

Use of conference calls between Commission meetings resulted in improved communication between commissioners and Commission staff.

During 1994, the Commission's revised performance evaluation system was implemented for the first time. The new system includes performance objectives for all employees in addition to more subjective performance factors. Reviewed bi-annually, the performance objectives are intended to tie on individual employee's work to the Commission's six-month goals and annual work program.

B. Planning

The establishment of six-month goals based on the Commission's annual work program, and the evaluation of these goals at the January and July Commission meetings, was continued in 1994. Work continued on developing a strategic plan for the Commission.

The Commission used its technical expertise in ground water management to enable development of a regional water resource management plan in the Spring Creek basin (Centre County, Pa.). This commitment of staff resources was an alternative to litigation against several municipalities which have enacted conditional land use ordinances to regulate water withdrawals.

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SUSQUEHANNA RIVER BASIN COMMISSION

BUDGET JUSTIFICATIONS, F.Y. 1996

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SUSQUEHANNA RIVER BASIN COMMISSION
FY 1996 BUDGET JUSTIFICATIONS

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SUSQUEHANNA RIVER BASIN COMMISSION
SALARIES AND EXPENSES
FY 1996 BUDGET

JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Federal Representation

The Susquehanna River Basin Commission was created by Compact (Public Law 91-575) among the States of Maryland and New York, the Commonwealth of Pennsylvania, and the Federal Government. The purpose of the Compact is to enable the signatory parties to participate jointly in the conservation, utilization, development, and control of water and related resources in the region of the Susquehanna River Basin.

Under the terms of the Compact, the Commission is directed to develop and implement comprehensive plans, policies, and programs relating to the water resources of the Basin; to adopt and promote uniform and coordinated policies for water conservation, control, and development in the Basin; and to encourage the planning, development, and financing of water resources projects according to such plans and policies.

The Commission's membership consists of the Governors of the signatory states, or their appointed designees, and a Federal Member appointed by the President to represent all Federal agencies and who historically has been the Secretary of the Interior. In addition, each Governor and the President are directed to appoint a Commissioner to serve as an alternate to the Member, with identical powers of the Member, including the power to vote in the absence of the member.

The duties of the Federal Member and the United States Commissioner are to represent the interests of the Federal Government on the Commission and to protect the national interests in the water resource development programs for the Susquehanna River Basin. To accomplish this, the Member and the Commissioner must work closely with all interested Federal departments and agencies, serving as coordinators to assure that Federal interests are fully informed regarding all water resources development programs for the Susquehanna River Basin. They also represent such Federal interest in all actions by the Commission relating to the comprehensive plan and the advisability of individual water resource policies, programs, and projects which the Commission may propose or consider.

An appropriation of $332,000 for FY 1996 is requested to finance salaries and expenses necessary to enable the United States Commissioner to carry out his responsibilities to protect the Federal Government's interests in the Susquehanna River Basin. The FY 1996 request for the salaries and expenses reflects the full year cost of the 2.0 percent general pay increase and 1.22 percent locality pay increase effective January 1, 1995. It also assumes an anticipated 2.4 percent pay increase effective January 1, 1996. An increase in travel is expected in FY 1996. There is also an increase to cover contractual needs and administrative services provided by the Department of the Interior.

SUSQUEHANNA RIVER BASIN COMMISSION
DISTRIBUTION OF AUTHORITY BY ACCOUNT

Appropriation: Salaries and Expenses	1994 Actual	1995 Estimate	1996 Estimate
Appropriation...........................	$216,000	$318,000	$332,000

SUMMARY OF INCREASES/DECREASES, 1996

Federal Representation:	1996 Base	Changes	1996 Estimate
Budget Estimate, 1996....................	$318,000	+$14,000	$332,000

ANALYSIS BY ACTIVITY

		(Direct Appropriations)		
Activity	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	Increase (+) or Decrease (-) 1996 Compared with 1995
Federal Representation	$216,000	$318,000	$332,000	+$14,000
Unobligated balance lapsing	($92,000)	--	--	--
Total	$308,000	$318,000	$332,000	+$14,000

JUSTIFICATION

Federal representation: Fiscal Year 1995, $318,000; Fiscal Year 1996, $332,000; increase $14,000. The increase consists of:

Increase (+) or Decrease (-)				
Amount	Positions	Total Program	Total Positions	Explanation
$14,000	--	$332,000	2	To continue to provide for the cost of operation of the Commissioner's office.

SUSQUEHANNA RIVER BASIN COMMISSION
SALARIES AND EXPENSES

For expenses necessary to carry out the functions of the United States member of the Susquehanna River Basin Commission, as authorized by law (84 Stat. 1541), $332,000. (Energy and Water Development Appropriation Act, 1995).

Program and Financing (in thousands of dollars)

Identification code 46-0500-0-1-301		1994 Actual	1995 Estimate	1996 Estimate
	Program by activities:			
10.00	Total Obligations..................	216	318	332
	Financing:			
25.00	Unobligated balance lapsing.........	92	0	0
40.00	Budget authority (appropriation)....	308	318	332
	Relation of obligations to outlays:			
71.00	Obligations incurred, net...........	216	318	332
72.40	Obligated balance, start of year....	14	11	32
74.40	Obligated balance, end of year......	(11)	(32)	(33)
77.00	Adjustments in expired accounts.....	0	0	0
90.00	Outlays.........................	218	297	331

SUSQUEHANNA RIVER BASIN COMMISSION
SALARIES AND EXPENSES

Object Classification (in thousands of dollars)

Identification code 46-0500-0-1-301		1994 Actual	1995 Estimate	1996 Estimate
	Personnel compensation:			
11.1	Full-time permanent................	126	182	189
11.3	Other than full-time permanent.....	0	3	3
11.5	Other personnel compensation.......	0	0	0
11.9	Total personnel compensation.....	126	185	192
11.2	Personnel benefits: Civilian.......	22	53	54
21.0	Travel and transportation of persons.........................	8	6	10
23.1	Rental payments to GSA.............	26	27	28
23.3	Communications, utilities, and miscellaneous charges...........	1	5	5
24.0	Printing and reproduction..........	0	4	4
25.1	Advisory and assistance services..	0	0	0
25.2	Other services................................	32	0	0
25.3	Purchases of goods and services from Government accounts...........	0	34	35
26.0	Supplies and materials.............	1	4	4
31.0	Equipment.........................	0	0	0
99.9	Total obligations...............	216	318	332

SUSQUEHANNA RIVER BASIN COMMISSION
SALARIES AND EXPENSES

Personnel Summary

Identification code 46-0500-0-1-301	1994 Actual	1995 Estimate	1996 Estimate
Total number of full-time permanent positions................	2	2	2
Total compensable workyears:			
Full-time equivalent employment.....	2	2	2
Average ES salary......................	$115,700	$118,000	$121,000
Average GS grade......................	13.50	13.60	13.70
Average GS salary.....................	$56,605	$61,048	$63,350

SUSQUEHANNA RIVER BASIN COMMISSION
SALARIES AND EXPENSES

Detail of Personnel Summary

Identification code 46-0500-0-1-301	1994 Actual	1995 Estimate	1996 Estimate
Special positions at rates equal to or in excess of $118,000:			
U.S. Commissioner	1	1	1
GS/GM-13	1	1	1
Total permanent positions	2	2	2
Unfilled positions, end of year	--	--	--
Total permanent employment, end of year	2	2	2

CONTRIBUTION TO SUSQUEHANNA RIVER BASIN COMMISSION
FY 1996 BUDGET

JUSTIFICATION OF PROGRAM AND PERFORMANCE

The Susquehanna River Basin Commission was created by Compact (Public Law 91-575) among the States of Maryland and New York, the Commonwealth of Pennsylvania, and the Federal Government. The purpose of the Compact is to enable the signatory parties to participate jointly in the conservation, utilization, development, and control of water and related resources in the region of the Susquehanna River Basin.

Under the terms of the Compact, the Commission is directed to develop and implement comprehensive plans, policies, and programs relating to the water resources of the Basin; to adopt and promote uniform and coordinated policies for water conservation, control, and development in the Basin; and to encourage the planning, development, and financing of water resources projects according to such plans and policies.

The principal members of the Commission are the governors of the signatory States, or their appointed designees, and a Federal Member appointed by the President. The Compact also provides for the appointment of a Commissioner (Alternate Member) by each governor and the President with identical powers of the Member and power to vote in the absence of the Member.

The fiscal year 1996 budget requests $360,000 to cover the Federal Government's share of the $2,490,000 current expense budget of the Susquehanna River Basin Commission. Authority for the Federal Government's participation in the current expense budget of the Commission is provided for under Section 14.3 of the Susquehanna River Basin Compact (Public Law 91-575, approved December 24, 1970).

In fiscal year 1996, 27 positions will be funded with eight positions unfunded.

Introduction

The Susquehanna River Basin Commission's fiscal year 1996 programs address current water resources issues of national and regional concern, including restoration and protection of the Chesapeake Bay, flood damage reduction, surface and ground-water management and protection, and nonpoint source pollution management.

The Susquehanna River Basin Commission's fiscal year 1996 Operating Budget of $2,490,000 will support the following programs:

Flood Plain Management and Protection

This program has received continuing attention by the Commission due to the high flood risk in the basin and the extremely large number of basin communities located in high flood hazard areas. Flooding which occurred in April, 1993 in the Susquehanna River underscores the importance of this program.

Flood Forecasting System Improvement Program

Efforts will continue to be directed toward completion and continued maintenance of the Flood Forecasting Improvements Program initiated by the Commission in cooperation with the National Weather Service (NWS) and the U.S. Geological Survey. Program elements include installation of additional rain and stream gages, new computer systems, new and enhanced radar systems and an upgraded communications network, all of which help to provide more timely and accurate forecasts for the entire Basin. Thus far, the U.S. Congress has invested $7 million for the program and the Commonwealth of Pennsylvania an additional $233,700. The Commission continues to coordinate the efforts of federal, state and local government agencies and businesses in flood prone areas to improve the effectiveness of this program. Without continued maintenance the effectiveness of the newly installed system will quickly deteriorate. The Commission is pleased to learn that its recommended funding level for the program has been approved by the U.S. House Appropriations Committee ($1.25 million).

Water Supply Management

The Commission continued its management of storage in the federally-owned Cowanesque Reservoir. This storage, which the Commission acquired under contract with the Corps of Engineers, is available for release during periods of low flow.

Over the 50-year life of this project, $168 million will be returned to the Treasury for payment of sunk costs, operation and maintenance, and interest. The feasibility of similar projects at other Corps Reservoirs, and major state reservoirs, is being explored as part of an overall plan to manage basinwide consumptive losses and insure adequate inflows to the Chesapeake Bay.

The Commission is currently negotiating with a large utility to provide additional water supply storage at Curwensville Lake in Clearfield County located in west central Pennsylvania. This project will return approximately $13,000,000 to the federal treasury as reimbursement for a prorated share of the project's original cost. The Commission has organized a basinwide interagency water resources management committee to address water resource management concerns for ground-water supplies, instream flow needs, consumptive use makeup and drought emergency management. Also, the Commission, in cooperation with the Pennsylvania Department of Environmental Resources and the Pennsylvania Fish and Boat Commission has just initiated a $500,000 instream flow study. The participants hope that the study will provide much needed insights into the instream flow requirements of typical river basin streams and thus help resource managers do a better job.

Chesapeake Bay Program

Water quality activities will continue at a high level of priority in fiscal year 1996 with continued emphasis on monitoring of nonpoint source contributions. Special effort will be directed to identifying major nutrient loading sources throughout the Basin in cooperation with Maryland and Pennsylvania and the Environmental Protection Agency's Chesapeake Bay Program. A special aspect of the program is monitoring of tile drain effluent from two farms in Dauphin County, Pennsylvania. Nutrient monitoring also continues on selected watersheds in the basin during various precipitation events.

The Commission is also responsible for another Bay-related program funded through the Chesapeake Bay Program. Very little is known about the exact freshwater inflow needs of the Bay, though this unique mixing of freshwater and saltwater has produced one of the most productive ecosystems in the world. The Susquehanna River provides over 60 percent of the freshwater flows to the Chesapeake Bay and more detailed studies are needed to assess the impacts of these flows into the Bay. SRBC will develop a strategy to address the relationship of freshwater inflows to salinity distribution, water quality, available habitat and living resources of the Chesapeake Bay. Information learned from this study will facilitate the management of low freshwater flows to the Bay.

On another Bay topic, over the years, tens of millions of tons of nutrient-laden sediments have accumulated behind the hydroelectric dam sites on the lower Susquehanna River. If suddenly flushed into the Bay by a high water event on the Susquehanna, the consequences could be devastating to the Bay's delicate ecology. The Commission, working through the Pennsylvania Department of Environmental Resources has obtained $150,000 in Bay Program funding for a study leading to the development of alternatives to deal with this potential ecological time bomb.

Watershed Management and Protection

The program activities under this topic are being coordinated with the nonpoint source monitoring program to identify specific areas and land uses requiring priority action under State and Federal programs. This program, in cooperation with EPA, includes the study of the effects of runoff from agricultural activities.

Recreation, Fish and Wildlife

The program objective is to preserve and/or enhance existing water-related outdoor recreation and where possible to expand these opportunities. A prime example is the Commission's effort to achieve restoration of diadromous fishes to the Susquehanna River which has led to the installation of a fish passage facility at the Conowingo Hydroelectric Project in Maryland. Under an agreement signed on June 1, 1993, passage facilities will also be installed at the remaining three hydroelectric projects. Hydro licensees will work closely with the Commission and other resource agencies as installation proceeds. Upon completion of these fish passage facilities, the shad and other fish will once again be able to spawn without impediment in the ecosystem of the Susquehanna River and Chesapeake Bay.

Coordination

The Commission coordinates various federal, state and local programs affecting water resources in the basin. The Comprehensive Plan serves as a basis for developing common approaches to resolution of problems and conflicts. The programs involved are flood control, water supply, water quality, recreation and fish and wildlife, and watershed management activities.

Project Review

The Commission is charged with the responsibility of conducting review of certain projects to assure they are compatible with the Comprehensive Plan and that they comply with all Commission regulations. These reviews may require in some cases extensive technical and administrative analysis, as well as public hearings. Examples are re-licensing of hydroelectric facilities, licensing of new electric generating and co-generating facilities, industrial and municipal withdrawals from surface and/or ground waters, significant discharges to waters of the Basin, and flood control projects. The Commission has implemented a project review application and monitoring fee schedule to help offset the increased cost of conducting project reviews and monitoring project compliance.

Also, a complete revision of the Commission's "Regulations and Procedures for Review of Projects" (18 CFR Part 803) is underway at this time. These changes, known as the "omnibus package of revision," were published as proposed rules in June 1994. A series of eight public hearings have already been held and the Commission hopes to move toward a final rule making action by late 1994 or early 1995.

Debris Management

As requested by the signatory parties, particularly the State of Maryland, the Commission plans to continue its involvement in this important effort by monitoring the efforts of the licensees and producing educational materials and programs on the subject. Already, a debris management pamphlet has been printed and distributed by the Commission. Licensees are cooperating by implementing debris collection and disposal programs at their individual project locations.

SUSQUEHANNA RIVER BASIN COMMISSION
FY 1996 OPERATING BUDGET

Revenues:	FY 1994 Budget	FY 1995 Budget	FY 1996 Budget
Signatory Parties:			
Maryland	$310,000	$340,000	$360,000
New York	$310,000	$340,000	$360,000
Pennsylvania	$310,000	$340,000	$360,000
Federal Government	$298,000	$288,000	$360,000
Other Revenues:			
Grant, EPA-Water Quality (106)	$80,000	$80,000	$80,000
Sale of Publications & Misc. Inc..	$80,000	$42,000	$52,000
Permit & Monitoring Fees	$45,000	$65,000	$150,000
Building Rental Income	$41,000	$41,000	$41,000
Fiscal Stabilizaton Fund & Grants.	$422,000	$502,000	$727,000
TOTAL ALL SOURCES	$1,896,000	$2,038,000	$2,490,000

Expenditure:	FY 1994 Budget	FY 1995 Budget	FY 1996 Budget
Personnel Services	$1,134,000	$1,214,000	$1,409,000
Fringe Benefits	$396,000	$411,000	$463,000
Special & Contractual Services	$32,000	$85,000	$194,000
Travel & Subsistence, Meetings	$31,000	$24,000	$29,000
Communications, Postage	$18,000	$22,000	$34,000
Rent-Machinery & Equipment	$4,000	$5,000	$5,000
Printing, Reproduction, Legal Ads..	$23,000	$27,000	$38,000
Repairs & Maint.-Bldg. & Equipment.	$36,000	$39,000	$41,000
Other Contractual Services	$24,000	$23,000	$25,000
Utilities, Janitorial Serv	$64,000	$62,000	$65,000
Mortgage Payments	$25,000	$25,000	$25,000
Supplies & Materials	$41,000	$38,000	$39,000
Miscellaneous Expenses	$11,000	$18,000	$24,000
Automobile & Office Equipment	$57,000	$45,000	$99,000
TOTAL EXPENDITURES	$1,896,000	$2,038,000	$2,490,000

SUSQUEHANNA RIVER BASIN COMMISSION
CONTRIBUTION TO SUSQUEHANNA RIVER BASIN COMMISSION

COMPARISON OF FUNDING

Appropriation/Activity	Budget Authority 1994 Actual	 1995 Estimate	 1996 Estimate
Contribution to Susquehanna River Basin Commission....................	$298,000	$288,000	$360,000

SUMMARY OF INCREASES/DECREASES FOR 1996 BY ACTIVITY

	1996 Base	1996 Estimate	Increase (+) or Decrease (-)
Activity: Contribution to the Commission................	$288,000	$360,000	+$72,000

To provide for the 1996 Federal share of the annual expenses of the Susquehanna River Basin Commission.

JUSTIFICATION

Contribution to the Commission: Fiscal Year 1995, $288,000. Fiscal Year 1996, $360,000; increase of $72,000.

Increase (+) or Decrease (-) Amount	 Positions	Total Program	Total Positions	Explanation
$72,000	--	$360,000	--	Federal contribution to 1996 current expense budget of the Susquehanna River Basin Commission.

SUSQUEHANNA RIVER BASIN COMMISSION
CONTRIBUTION TO SUSQUEHANNA RIVER BASIN COMMISSION

For payment of the United States share of the current expenses of the Susquehanna River Basin Commission, as authorized by law (84 Stat. 1530, 1531), $360,000. (Energy and Water Development Appropriation Act, 1995).

Program and Financing (in thousands of dollars)

Identification code 46-0501-0-1-301	1994 Actual	1995 Estimate	1996 Estimate
Program by activities:			
10.00 Contribution to the Commission (object class 41.0)................	298	288	360
Financing:			
40.00 Budget authority (appropriation)....	298	288	360
Relation of obligations to outlays:			
71.00 Obligations incurred, net...........	298	288	360
90.00 Outlays..........................	298	288	360

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